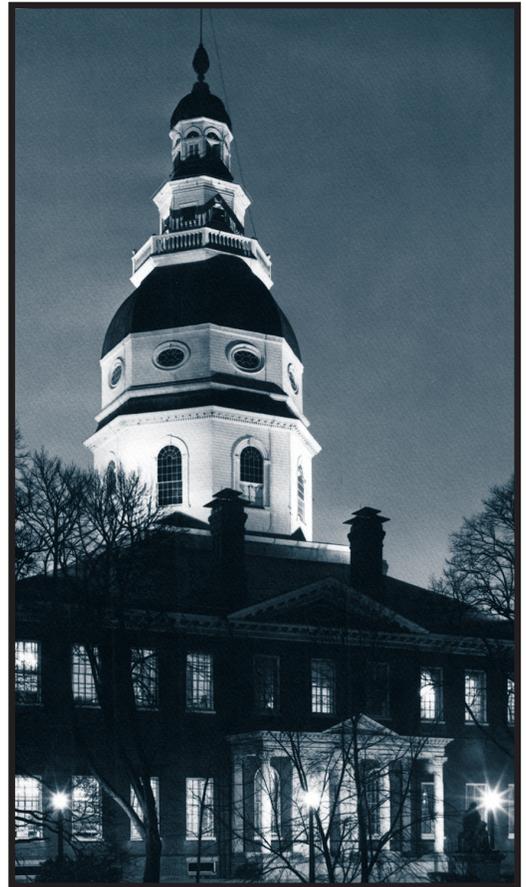


# THE 90 DAY REPORT

*A Review of the 2018  
Legislative Session*



Department *of* Legislative Services  
MARYLAND GENERAL ASSEMBLY

*Cover Photograph by Marion E. Warren*

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prepared this document.

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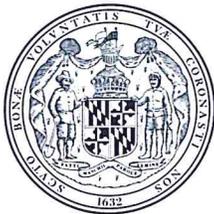
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

Ryan Bishop  
Director

April 13, 2018

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:

We are pleased to present you with *The 90 Day Report – A Review of the 2018 Legislative Session*.

*The 90 Day 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.

We hope that you will find *The 90 Day Report* as helpful this year as you have in the past. *The Effect of the 2018 Legislative Program on the Financial Condition of the State* will be issued after the Governor has taken final action on all bills.

Sincerely,

Victoria L. Gruber  
Executive Director

Ryan Bishop  
Director

VLG:RB/mpd



# Contents

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<b>Major Issues List – 2018 Session</b> .....	<b>ix</b>
<b>Part A – Budget and State Aid</b> .....	<b>A-1</b>
Operating Budget .....	A-1
Outlook for Future Budgets .....	A-15
Selected Budgetary Initiatives and Enhancements .....	A-25
State Reserve Fund .....	A-29
Capital Budget .....	A-45
Programs Traditionally Funded with Transfer Tax Revenue .....	A-87
State Aid to Local Governments .....	A-94
<b>Part B – Taxes</b> .....	<b>B-1</b>
Property Tax .....	B-1
Income Tax .....	B-7
Sales Tax .....	B-13
Miscellaneous Taxes .....	B-14
<b>Part C – State Government</b> .....	<b>C-1</b>
State Agencies, Offices, and Officials .....	C-1
Elections .....	C-7
Ethics .....	C-14
Procurement .....	C-15
Personnel .....	C-18
Pensions and Retirement .....	C-22
General Assembly .....	C-24
<b>Part D – Local Government</b> .....	<b>D-1</b>
Local Government – Generally .....	D-1
Bi-county Agencies .....	D-3

<b>Part E – Crimes, Corrections, and Public Safety</b> .....	E-1
Criminal Law .....	E-1
Criminal Procedure .....	E-5
Juvenile Law .....	E-11
Public Safety .....	E-13
<b>Part F – Courts and Civil Proceedings</b> .....	F-1
Judges and Court Administration.....	F-1
Civil Actions and Procedures.....	F-3
Family Law .....	F-5
Human Relations.....	F-13
Real Property .....	F-15
Estates and Trusts .....	F-21
<b>Part G – Transportation and Motor Vehicles</b> .....	G-1
Transportation .....	G-1
Motor Vehicles.....	G-8
<b>Part H – Business and Economic Issues</b> .....	H-1
Business Occupations .....	H-1
Business Regulation.....	H-4
Public Service Companies .....	H-7
Insurance Other Than Health Insurance .....	H-11
Horse Racing and Gaming .....	H-17
Economic Development.....	H-20
Housing and Community Development.....	H-24
Workers’ Compensation .....	H-27
Unemployment Insurance .....	H-29
Labor and Industry.....	H-29
Statewide Alcoholic Beverage Regulation .....	H-33
Alcoholic Beverages .....	H-36
<b>Part I – Financial Institutions, Commercial Law, and Corporations</b> .....	I-1
Financial Institutions.....	I-1
Commercial Law – Generally .....	I-2
Commercial Law – Consumer Protection.....	I-4
Corporations and Associations .....	I-9

<b>Part J – Health and Human Services</b> .....	J-1
Public Health – Generally .....	J-1
Health Occupations .....	J-12
Health Care Facilities and Regulation .....	J-17
Health Insurance .....	J-18
Social Services .....	J-25
<b>Part K – Natural Resources, Environment, and Agriculture</b> .....	K-1
Natural Resources .....	K-1
Hunting and Fishing.....	K-3
Environment.....	K-6
Agriculture .....	K-10
<b>Part L – Education</b> .....	L-1
Primary and Secondary Education.....	L-1
Career and Technology Education and Apprenticeship Programs .....	L-20
Higher Education .....	L-22
Local Education Policy .....	L-33
<b>Part M – Index of Bills</b> .....	M-1



# Major Issues – 2018 Session

---

- Budget/Fiscal ..... A-1
  - Resolving the Budget Shortfall/Attaining Structural Balance ..... A-1, A-14, A-19
  - Federal Tax Reform ..... B-7
  - Promoting extraordinary Innovation in Maryland’s Economy  
(PRIME Act) ..... B-4, B-9, H-20
- Business and Labor ..... H-1
  - Paid Sick Leave (Veto Override)..... B-9, H-29
  - Breweries ..... H-33
- Education ..... L-1
  - K–12 Policy/Funding – Kirwan Commission ..... L-4
  - Education Trust Fund Lockbox ..... L-3
  - School Construction Process and Funding – Knott Commission ..... L-10
  - School Safety ..... L-12
  - Higher Education Affordability ..... L-25
- Financial Consumer Protection..... I-1, I-3, I-4
- Health..... J-1
  - Opioid Addiction ..... J-1
  - Medical Cannabis..... J-2
  - Individual Health Insurance Market Stabilization ..... J-18

- Public Safety/Courts .....E-1
  - Anti-Crime Initiatives ..... E-1, E-14, E-15, E-17
  - Firearms/Gun Violence ..... E-3, E-13, E-16, E-18
  - Termination of Parental Rights of Rapists ..... F-5
- State Government.....C-1
  - Workplace Harassment .....C-1, C-14, C-21, C-24, F-13, H-31
  - Election Cybersecurity .....C-7
  - Voter Registration .....C-9
  - Online Political Advertising .....C-10
- Transportation ..... G-1
  - WMATA/Metro Funding and Oversight ..... G-1
  - Highway User Revenues ..... G-2

# **Part A**

## **Budget and State Aid**

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### **Operating Budget**

#### **Overview**

The disposition of additional revenue generated from the federal Tax Cuts and Jobs Act of 2017 dominated the 2018 session. Enacted in December 2017, this significant tax reform measure became law before its impact could be determined by the Board of Revenue Estimates (BRE) for inclusion in the fiscal 2019 allowance. A series of three reports issued by BRE throughout the session culminated in a net write up of nearly \$550 million in general fund revenues across fiscal 2018 and 2019. The write up resulting from the federal tax changes was partially offset by underperformance of sales and income tax revenues.

Legislation was passed at the 2018 session to credit \$200 million in additional income tax revenue to a special fund to be used in the future to implement the recommendations of the Commission on Innovation and Excellence in Education (the Kirwan Commission). Additional bills were passed to provide limited tax relief, including an expansion of the earned income tax credit and an increased income tax standard deduction.

In December 2017, the Spending Affordability Committee (SAC) projected a fiscal 2019 structural general fund shortfall of \$298 million and recommended that the fiscal 2019 shortfall be fully resolved in the 2018 session. The budget introduced by the Governor for fiscal 2019 failed to eliminate the entire structural shortfall, leaving a structural deficit of \$75 million. This plan relied upon \$405.6 million in general fund reductions contingent upon budget reconciliation legislation. Legislative action concurred with some of the Administration's proposals, adjusted reductions to fiscal 2019 for several programs, and kept other mandates intact as legislative priorities. The fiscal 2019 budget grows by 2.3%, to \$44.6 billion. Final action on the budget leaves an estimated \$106.9 million in the General Fund as well as \$882.5 million (5%) in the Revenue Stabilization Account (the Rainy Day Fund). The legislature also met all of the SAC recommendations, including those related to the structural shortfall, general fund and reserve fund balance, federal tax and spending changes, and personnel.

While the State's fiscal position is positive in fiscal 2018 and 2019, the outlook is less favorable in the out-years. A cash shortfall in excess of \$900 million is forecast in fiscal 2020, and is expected to grow to \$1.9 billion by fiscal 2023. Absent one-time spending, the forecast of ongoing general fund revenue and spending shows a structural deficit in excess of \$800 million in fiscal 2020, growing to \$1.8 billion by fiscal 2023.

## Budget in Brief

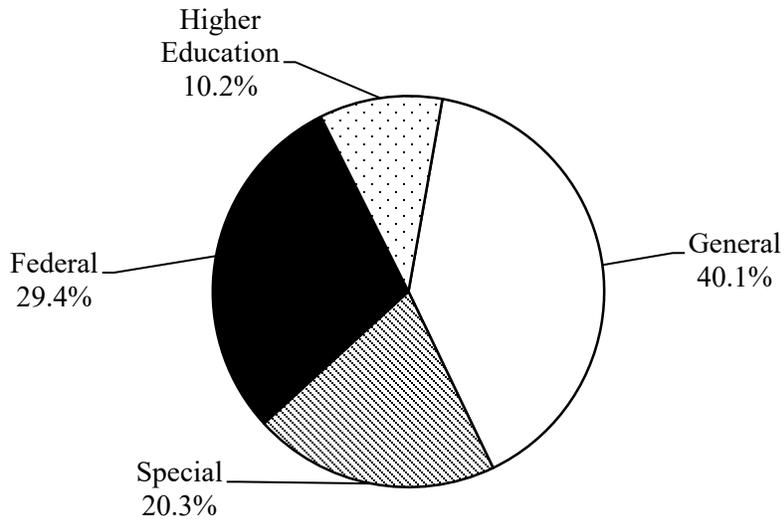
The Fiscal Year 2019 Budget Bill, *Senate Bill 185 (enacted)*, provides \$44.6 billion in appropriations for fiscal 2019 – an increase of \$981.4 million (2.3%) above fiscal 2018. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 40.1% of the total budget. Federal funds support 29.4% of all spending. Special funds constitute 20.3% of the budget, and higher education revenue provides the remaining 10.2%. State agency operations constitute the largest area of spending, accounting for 40.7% of the total budget. Entitlements represent 29% of the budget, and 19.6% 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 an appropriation to the Rainy Day Fund.

General fund spending in fiscal 2019 increases by \$743 million, or 4.3%, over the fiscal 2018 working appropriation. State agency spending accounts for \$278.3 million of that growth, for a 4.1% growth rate. Increases were provided for a 2% general salary increase effective January 1, 2019, along with negotiated step increases for law enforcement officers, \$38.9 million for additional major information technology (IT) development projects, in the Maryland Department of Health (MDH) expansion of community-based services and a provider rate increase in the Developmental Disabilities Administration (DDA), overtime and inmate medical expenses in the Department of Public Safety and Correctional Services (DPSCS), \$24.3 million for personnel expenses in the Judicial Branch including funds for Judicial salaries consistent with *House Joint Resolution 3 (passed)*. Higher education saw an increase of \$62.6 million to provide funds to open new facilities and for cyber and workforce development initiatives. Medicaid spending rises by \$202 million, or 6.3%, to support rate increases for managed care organizations and other providers, fund enrollment growth, and align prescription drug rebates with actual attainment.

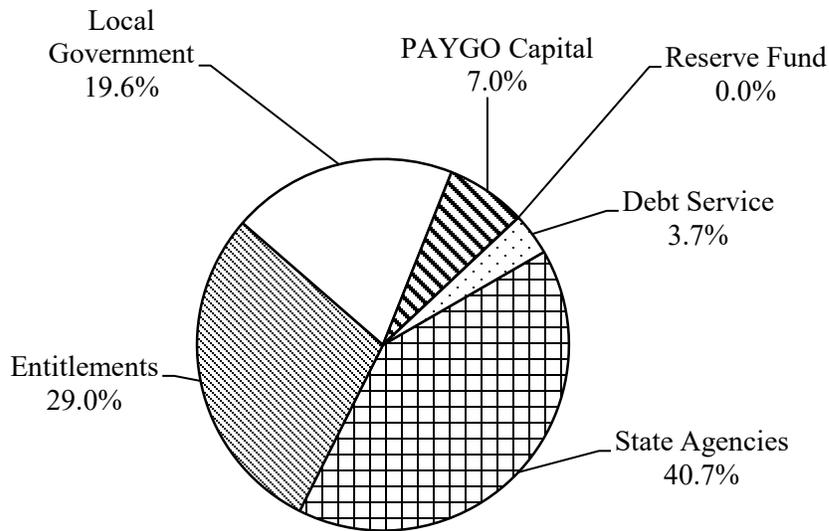
Local aid grows by \$153.6 million in general funds, or 2.3%. Most of this increase is provided through K-12 education formulas, including the Foundation and Limited English Proficient programs. General funds to pay debt service on GO bonds increase by \$26.4 million. Finally, fiscal 2019 funding for general fund PAYGO increases by \$50 million, as funding was added for the Capital Region Medical Center, school safety, housing programs, and a Community Engagement Center at the University of Maryland, Baltimore Campus.

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**Exhibit A-1.1**  
**Maryland’s \$44.6 Billion Fiscal 2019 Budget**  
**Where It Comes From: Budget by Fund Source**



**Where It Goes: Budget by Purpose**



PAYGO: pay-as-you-go

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Special funds grow by \$172.2 million, or 1.9%, compared to the fiscal 2018 working appropriation. Most of this growth is in the area of PAYGO capital funding that increases by nearly \$100 million. Additional spending is found in the Maryland Department of the Environment (MDE) for the Water Quality Revolving Loan Fund and Bay Restoration Fund, the Maryland Department of Transportation (MDOT) as spending ramps up for construction of the Purple Line and replacement buses are procured, and for Program Open Space (POS) in the Department of Natural Resources (DNR). Special fund operating growth is mostly found in MDOT's State Highway Administration (SHA) for road maintenance and snow removal expense, as well as in the Maryland Transit Administration to pay for paratransit costs and operating expenses for Maryland Rail Commuter (MARC) operations. GO bond debt service also accounts for \$33.2 million of the increase.

Federal fund spending decreases by \$24 million, or 0.2%, largely due to a decrease of \$100.5 million in Food Supplement Program benefits to align the budget with actual spending. Federal funds also decrease due to the completion of PAYGO capital projects in the Military Department and the Department of Veterans Affairs. These large decreases are partly offset by an increase of \$55.3 million in Medicaid and \$57.3 million in support of the MDOT capital program. Medicaid federal spending grows due to annualization of the calendar 2018 provider rate increases and other program expenses. The addition of PAYGO projects in SHA accounts for much of the federal fund growth in MDOT's capital program, offset by cash flow decreases for various MARC transit projects.

Funding for the State's public higher education institutions increases by \$90.2 million in total funds (unrestricted and restricted funds), or 2%, in fiscal 2019. This includes a commitment to limit in-state resident tuition increases to 2%. Aid to community colleges also increases by \$4.7 million to \$322.4 million, including \$2 million for grants to colleges limiting tuition growth to 2%. Aid to nonpublic colleges and universities grows by \$7.4 million, providing a total of \$56.3 million in fiscal 2019.

With respect to personnel, the size of the regular State workforce decreases by 107 positions, to 80,409 regular positions in fiscal 2019. A 2% general salary increase is provided effective January 1, 2019. If fiscal 2018 general fund revenues exceed forecasted levels by at least \$75 million, State employees will also receive an additional 0.5% general salary increase and a \$500 bonus effective April 1, 2019. While there is no funding for merit salary increases for State employees, there is funding to provide step increases for law enforcement officers, per a collective bargaining agreement with the State Law Enforcement Officers' Labor Alliance (SLEOLA). For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

### **Framing the Session: 2017 Interim Activity**

Fiscal 2017 closed with a balance of \$256.3 million in the General Fund. Fiscal 2017 revenues ended \$90.3 million above the estimate, and agencies reverted \$74.1 million more than anticipated. Higher than anticipated personal income taxes due to the timing of pay periods accounted for most of the increased revenue, offset by a loss of \$47.9 million in the sales tax.

Unanticipated reversions were realized chiefly in MDH’s DDA, where \$35.7 million was unexpended based on a higher federal participation rate. High levels of vacant positions in DPSCS contributed \$9 million to the fund balance.

The performance of the economy during calendar 2017 was mixed. The stock market soared on the expectation of tax cuts from the newly elected Trump Administration, and unemployment continued to fall to the low 4% range. At the same time, wages continued to grow at a tepid pace, and sales tax attainment failed to meet expectations. BRE revised fiscal 2018 revenues downward by \$53 million, largely due to sales tax underattainment. Changing demographics and the continued rise of Internet commerce contributed to the weak sales tax performance.

In anticipation of the write down in revenues, Governor Lawrence J. Hogan, Jr. withdrew \$63 million in general and special fund spending through the Board of Public Works (BPW) in September 2017. By fall 2017, the Department of Legislative Services (DLS) reported to SAC that the near term general fund outlook had improved since its June forecast. This was due to the receipt of unexpected bond premiums, lower than projected Medicaid caseload and utilization, a favorable procurement for employee prescription drugs, and the results from the closeout.

**BPW Actions**

BPW’s September 6, 2017 actions reduced fiscal 2018 general fund spending by \$61 million and special fund spending by \$2 million.

*State Agencies:* State agencies were reduced by \$28 million. Some of the larger general fund actions included:

- \$8.4 million based on higher vacancy rates in DPSCS;
- \$5 million from MDH related to anticipated savings from renegotiating contracts in excess of \$10 million;
- \$4.5 million from the Department of Juvenile Services in recognition of lower residential per diem payments for out-of-home placements, based on continued declines in residential caseloads; and
- \$3.4 million in from the Department of Human Services (DHS) from holding positions vacant and due to maintenance savings from replacement of a legacy IT system.

Special funds for the State Lottery and Gaming Control Agency (SLGCA) were reduced by \$982,000, as the agency had sufficient funding to cover vendor fees based on sales projections. Since any unspent appropriations from the lottery revert to the General Fund, an equivalent amount was credited as a general fund revenue.

**Entitlements:** Medicaid and Temporary Cash Assistance (TCA) were reduced by a combined \$14.7 million. The largest action was a \$10 million Medicaid reduction based on the average length of stay in hospitals. Lower TCA caseloads yielded \$3.7 million, and another \$1 million was cut from Medicaid for hospital presumptive eligibility.

**Higher Education:** Cuts of \$10.9 million were allotted to State institutions. This included:

- \$8 million to reflect the abolition of 30 positions and cuts to operating expenses at the University System of Maryland (USM);
- \$2.1 million from State aid to private colleges and universities through the Sellinger program. This left approximately \$49 million for the program in fiscal 2018; and
- \$0.8 million in operating expense reductions to Morgan State University (\$0.6 million) and Baltimore City Community College (\$0.3 million).

**Fund Swaps:** There were \$7.5 million in fund swaps, in which general funds were to be replaced with a like amount of special or federal funds. Most of this was based on use of special funds from the Cigarette Restitution Fund (\$5 million) in lieu of general fund appropriations in Medicaid. Another \$1 million from POS would replace a general fund cut to the Forest Service in DNR. The use of POS balance was based on a separate cut of special fund spending for the Park Service in DNR. General fund reductions were also replaced with special or federal fund dollars in MDE; MDH; the Department of Agriculture; the Department of Commerce; the Department of Labor, Licensing, and Regulation (DLLR); and St. Mary's College.

**Revenue Assumptions:** The Administration's plan assumed \$1 million in general fund revenues including \$0.6 million from the Department of Budget and Management's (DBM) Central Collection Unit (CCU) based on special fund reductions to overbudgeted postage, and special fund reductions to DLLR related to withdrawn special fund spending in the BPW action for the Maryland Stadium Authority (MSA) (\$0.4 million).

### **SAC Recommendations**

SAC prepared its final report to the Governor in December 2017, which made recommendations pertaining to the operating budget as it relates to the projected general fund structural deficit, federal tax and spending changes, the level of reserve and general fund cash balances, and personnel.

**Spending Limit and Sustainability:** In December 2017, DLS projected a fiscal 2019 structural deficit at \$298 million. SAC recommended that the budget, as introduced and enacted, fully resolve the structural deficit for fiscal 2019.

**Fund Balances:** SAC recommended that the balance in the Rainy Day Fund be maintained at 5% of estimated revenues and authorized the use of any funds above that balance to address imminent cash shortfalls in fiscal 2018 and 2019. In addition, the committee recommended that the General Fund maintain a minimum ending balance of at least \$100 million for fiscal 2019.

**Federal Tax and Spending Changes:** Prior to the December 2017 enactment of the federal Tax Cuts and Jobs Act, the committee was concerned about its effects on State revenues. Moreover, a looming federal government shutdown, potential sequestration, and the pending re-authorization of the Children’s Health Program raised uncertainty about the impact on State spending needs. SAC recommended that the fiscal committees examine federal tax and spending changes to determine their impact on State finances. Particular concern was noted regarding the impact on lower and middle income taxpayers.

**Personnel:** Based on concerns about high vacancy levels within selected understaffed agencies, SAC recommended that the Administration act to fill positions and develop a plan to address barriers to hiring. It was requested that the plan be submitted to the budget committees by June 1, 2018.

## **Governor’s Spending Plan as Introduced**

The Governor’s budget plan assumed the State would close fiscal 2018 with a \$207.5 million fund balance. The fund balance reflected savings from the September BPW actions, \$54.5 million of savings from reducing overbudgeted health insurance contributions, \$134 million in deficiency appropriations including \$128.5 million for the Medicaid program, \$77.5 million in assumed reversions, and \$23.4 million of additional revenues and fund balance transfers.

The fiscal 2019 balancing plan proposed by the Administration relied on the fiscal 2018 fund balance, reversions, and \$405.6 million in contingent general fund reductions to achieve a closing fiscal 2019 general fund balance of \$100.6 million. **Exhibit A-1.2** details the Governor’s original general fund spending plan for fiscal 2018 and 2019.

### **Fiscal 2018 Assumptions**

**Revenue Assumptions:** The Governor’s spending plan assumed \$14.4 million in additional general fund revenues. The majority of the additional revenue, \$22 million, resulted from a nationwide settlement agreement with Volkswagen. Remaining increases were assumed from cuts made in September 2017 by BPW to CCU (\$0.6 million), and MSA for sports marketing (\$0.4 million). These increases were offset by a projected loss of \$5.7 million from unrealized settlement revenue and a loss of \$2.8 million from SLGCA due to a deficiency appropriation for a new central monitoring and control system.

**Exhibit A-1.2**  
**Governor's Original Budget Plan**  
**Fiscal 2018-2019**  
**(\$ in Millions)**

	<u>2018</u>	<u>2019</u>
Closing Fiscal 2019 Balance Prior to Administration Adjustments	<b>\$194.5</b>	<b>-\$290.8</b>
Additional Revenues	\$14.4	-\$14.2
Transfers	9.0	0.0
<b>Subtotal</b>	<b>\$23.4</b>	<b>-\$14.2</b>
Across-the-board Reduction to Health Insurance	\$54.5	\$0.0
Contingent Reductions	0.0	405.6
Deficiencies	-107.4	0.0
Targeted Reversions	42.5	
<b>Subtotal</b>	<b>-\$10.4</b>	<b>\$405.6</b>
<b>Closing Balance</b>	<b>\$207.5</b>	<b>\$100.6</b>

Source: Maryland Budget Highlights, Fiscal 2019

**Deficiencies:** Fiscal 2018 deficiency appropriations totaled \$134 million, including \$107.4 million in general funds. The majority of the fiscal 2018 funding (\$128.5 million) was needed for the Medicaid program as the result of increased demand for behavioral health services, revised estimates of special fund availability, and underlying program growth. Another \$46.3 million in general funds was necessary to make up for an equal amount of lower special fund attainment from gaming revenue flowing into the Education Trust Fund in fiscal 2017 and 2018. Remaining deficiencies were provided across a number of agencies to address small operating expense shortfalls. Deficiencies were partly offset by the withdrawal of \$54.5 million of overbudgeted employee and retiree health insurance costs.

**Reversions:** Targeted general fund reversions of \$42.5 million were assumed. Some of the larger targeted reversions included:

- \$28 million from over accrued Medicaid funds from fiscal 2017;
- \$5.5 million assumed to come from the Judicial and Legislative budgets based on an across-the-board cut adopted by the Administration due to over budgeted health insurance funding based in part on a favorable rebid of the employee prescription drug contract;

- \$4.5 million from an underutilized program to match college savings plan contributions by lower income participants; and
- \$3.6 million in unused funds from certification stipends and other incentives for teachers.

**Fund Transfers:** The Administration proposed the transfer of \$9 million from USM to the General Fund to augment the fiscal 2018 fund balance, contingent on a provision in [Senate Bill 187 \(Ch. 10\)](#), the Budget Reconciliation and Financing Act (BRFA) of 2018.

### Fiscal 2019 Assumptions

**Contingent Reductions:** The Governor proposed \$405.6 million in fiscal 2019 general fund reductions, contingent on the enactment of the BRFA of 2018. Some of the larger actions include:

- \$193 million from the funds required to be credited to the Rainy Day Fund from the fiscal 2017 closeout;
- \$50 million from the pension supplemental contribution for one year;
- \$29 million reduced from the mandated capital grant for construction of a new Capital Region Medical Center;
- \$15 million from a delay in a portion of the repayment of monies transferred from POS to the General Fund; and
- \$19.7 million from increasing the local cost share for State Department of Assessments and Taxation operations to 90%.

**Revenue Assumptions:** The Governor’s spending plan assumed a net loss of -\$14.2 million in revenues, primarily due to proposed legislation to provide income tax subtractions for military retirees (-\$12.5 million), and law enforcement, fire, rescue, and emergency services personnel (-\$2 million), as well as an income tax credit for small businesses that provide paid sick leave (-\$5 million). An additional \$4.9 million was assumed due to spending adjustments to SLGCA in fiscal 2019, and \$0.4 million generated from the proposed repeal of Chapter 727 of 2016 providing sports marketing grants to MSA.

**Spending Affordability:** The Governor’s budget plan complied with all of the SAC recommendations except the goal of eliminating the structural deficit for fiscal 2019. The Administration’s proposal reduced the projected structural gap from \$298 million to \$75 million.

## Legislative Consideration of the Budget

### Revenue and Spending Changes

Following submission of the budget in January 2018, the Governor submitted three supplemental budgets, and revenues were revised upward by BRE in March 2018 by a net \$394.2 million across fiscal 2018 and 2019.

**Revenue Revisions:** In March 2018, BRE revised its general fund revenue projection for fiscal 2018 downward by -\$39.4 million, consisting of an increase of \$35.5 million from income and sales taxes related to the federal Tax Cuts and Jobs Act offset by revised estimates of -\$74.9 million from the underlying portions of those taxes. Because the federal tax changes take effect during tax year 2018, the full impact on revenues is not seen until fiscal 2019 when net revenues increase by \$433.6 million. Again, underlying revenues are projected to decline by \$78 million, partially offsetting \$511.6 million in new revenue from the federal tax changes. **Exhibit A-1.3** illustrates that the net impact of the March 2018 revenue revisions is an increase of \$394.2 million across both fiscal years.

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**Exhibit A-1.3**  
**Board of Revenue Estimates March 2018 Revision**  
**Fiscal 2018-2019**  
**(\$ in Millions)**

	<u>2018</u>	<u>2019</u>	<u>Net Change</u>
Underlying Revenues	-\$74.9	-\$78.0	-\$152.9
Federal Tax Changes	35.5	511.6	547.1
<b>Total Revision</b>	<b>-\$39.4</b>	<b>\$433.6</b>	<b>\$394.2</b>

Source: Board of Revenue Estimates; Department of Legislative Services

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### Spending Changes

Following submission of the budget in January 2018, the Governor introduced three supplemental budgets, which proposed a total of \$46.1 million in additional spending. **Exhibit A-1.4** summarizes the supplemental budgets by fund type.

**Exhibit A-1.4**  
**Summary of Supplemental Budgets**  
**2018 Session**  
**(\$ in Millions)**

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total</u>
Supplemental Budget No. 1	\$5.0	\$0.0	\$0.0	\$5.0
Supplemental Budget No. 2	2.6	0.0	0.0	2.6
Supplemental Budget No. 3	26.1	9.6	2.9	38.6
<b>Total</b>	<b>\$33.7</b>	<b>\$9.6</b>	<b>\$2.9</b>	<b>\$46.1</b>

**Supplemental Budget No. 1:** The Governor provided \$5 million in additional fiscal 2019 spending in the first supplemental budget for school safety assessments and expansion of the Maryland Center for School Safety. The increased spending was offset by \$15 million of Medicaid savings from prior years.

**Supplemental Budget No. 2:** The second supplemental budget appropriated \$2.6 million across fiscal 2018 and 2019 for Local Education Agency compliance, auditing, and monitoring activities in the Maryland State Department of Education (MSDE).

**Supplemental Budget No. 3:** A third supplemental budget added \$38.6 million in net spending across 23 agencies. The largest component provided \$10 million in school safety grants in the Governor’s Office of Crime Control and Prevention (GOCCP). Through SHA, \$4.2 million in PAYGO capital transportation grants were made available for municipalities. The supplemental budget also updated K-12 education formulas in MSDE, added PAYGO capital appropriations through BPW, funded \$3 million in collection commissions in the Comptroller’s budget, and included a variety of other appropriations.

**Reductions:** Fiscal 2018 appropriations were reduced by a net \$17.2 million in all funds. The largest action entailed an \$8.1 million general fund reduction to the Medicaid program in recognition of a settlement with a vendor for a failed IT contract. In the BRFA of 2018, \$8.5 million in unspent funds were withdrawn from the budgets of DDA and the Temporary Disability Assistance Program (TDAP) in DHS.

In total, the fiscal 2019 budget was reduced by \$317.6 million. Of this, \$274 million relates to net reductions that are contingent on the BRFA of 2018. Chief among these were reductions of:

- \$148.5 million from the appropriation to the Rainy Day Fund (leaving a projected fund balance of 5% of general fund revenues at the close of fiscal 2019);

- \$50 million from the pension supplemental contribution;
- \$47.3 million from employee and retiree health insurance to accelerate to January 1, 2019, the shift to Medicare Part D for retiree prescription drugs. Action by the federal government closed the so-called “donut hole” by the start of calendar 2019. Moving the participation date for State retirees from July 2019 also conforms with the calendar year schedule for the selection of health insurance plans; and
- \$15 million from repayment for certain POS transfers to the General Fund as mandated by Chapter 10 of 2016. A provision in the BRFA of 2018 requires this amount to be repaid in fiscal 2022.

Another \$43.6 million in noncontingent cuts were adopted, including:

- \$20 million from MDH due to overbudgeted estimates of uncompensated care funding;
- \$13.5 million from the Judiciary’s budget due to reductions to merit increases (which were not funded in the Executive Branch), and judicial compensation, to align funding with the amount approved for Judicial salary increases in *House Joint Resolution 3*; and
- \$6 million from MDH based on overbudgeted funds from the buildout of the software and other IT infrastructure for an Integrated Care Network.

### **Final Actions Related to SAC**

***Limiting Spending Growth:*** Exhibit A-1.5 indicates that final revenue and spending actions by the legislature fully resolved the projected fiscal 2019 structural deficit, and leaves a structural surplus of \$67 million. **The goal to eliminate the fiscal 2019 general fund structural deficit was met.**

***General Fund and State Reserve Fund Balances:*** Final legislative action yielded an estimated closing fiscal 2019 balance of \$106.9 million, which is above the \$100 million general fund balance recommended by SAC. With respect to the Rainy Day Fund, an appropriation of \$3.3 million results in an estimated \$882.5 million balance. This level of balance is equal to 5% of estimated general fund revenues. **Final action on the budget complied with the SAC recommendation to maintain a balance in the Rainy Day Fund at 5% of estimated revenues.**

***Federal Tax and Spending Changes:*** The budget, as introduced, did not account for the revenue impact of the federal Tax Cuts and Jobs Act. Estimates of the fiscal 2018 and 2019 revenue impacts were prepared by BRE during the 2018 session and subsequently incorporated in its March 2018 revenue revision. The fiscal committees did examine the effects on State and local finances, including the effect on lower and middle income taxpayers in the State. Legislation was passed to expand the earned income tax credit under *Senate Bill 647/House Bill 856 (both passed)*, increase the standard deduction under *Senate Bill 318/House Bill 570 (both passed)*, and provide

or expand income tax deductions for the retirement income of military personnel, correctional officers, law enforcement, fire, rescue, and emergency services personnel under *Senate Bill 996 (passed)*, *House Bill 296 (passed)*, and *House Bill 327 (passed)*. The U.S. Congress did reauthorize the Children’s Health Program, and subsequent budget agreements averted federal government shutdowns or sequestration reductions. **The final action for federal tax and spending changes is consistent with the SAC recommendation.**

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**Exhibit A-1.5**  
**Operating Budget Affordability Limit**  
**(\$ in Millions)**

**Target: Eliminate Structural Gap**

<b>Revenues</b>		
Ongoing Revenues	\$17,789	
Transfer of Ongoing Revenue to the Excellence in Education Fund	57	
<b>Subtotal</b>		<b>\$17,846</b>
<b>Spending</b>		<b>\$17,874</b>
<b>Remove One-time Spending</b>		
Pay-as-you-go Capital	-\$47	
State Reserve Fund	-36	
K-12 Declining Enrollment and Prekindergarten Grants	-15	
Other	-15	
Supplemental Budget No. 3 One-time Spending	-12	
<b>Add Back Savings from Temporary Fund Swaps</b>		
Medicaid Cigarette Restitution Fund Balance	\$18	
Medicaid Use of Maryland Trauma Physician Services Fund Balance	8	
Medicaid Hospital Deficit Assessment	5	
<b>Subtotal</b>		<b>\$17,779</b>
<b>Structural Surplus/(Deficit)</b>		<b>\$67</b>

Source: Department of Legislative Services

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**State Employment:** In the DBM budget, \$100,000 was restricted pending a report outlining strategies to fill vacant positions, address hiring standards and requirements, and review turnover levels. This report is due by June 1, 2018. **Legislative action is consistent with the SAC recommendation.**

### Summary of 2018 Session Activity

**Exhibit A-1.6** compares the Administration's budget balancing plan with the final action adopted by the legislature for fiscal 2019. The legislature adopted 70% of the reductions proposed by the Administration in the BRFA of 2018. Following the BRE March revenue revisions, revenue adjustments included a set-aside of \$200 million toward future education expenses based on the recommendations of the Kirwan Commission. Another \$95.2 million in revenue loss is due to tax legislation adopted during the 2018 session. For a further discussion of tax legislation, see Part B – Taxes in this *90 Day Report*. Spending increased by \$18.7 million in three supplemental budgets (net of an additional \$15 million in reversions), offset by \$35.7 million in reductions. At the end of fiscal 2019, the closing balance is estimated to be \$106.9 million.

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### Exhibit A-1.6 Final Legislative Budget Action Fiscal 2018-2019 (\$ in Millions)

	<u>Admin.</u>	<u>Conf.</u>
<b>Fiscal 2019 Balance Before Legislation</b>	<b>-\$295.2</b>	<b>-\$295.2</b>
<b>Legislation</b>		
Budget Reconciliation and Financing Act (BRFA)	\$414.1	\$298.1
Dedicated Funds for Future Education Costs (BRFA)	0.0	-200.0
Tax and Other Legislation	-19.5	-98.5
Financial Institutions Special Fund ( <i>House Bill 187 (passed)</i> )	1.3	0.2
<b>Revenue Adjustments</b>		
BRE March 2018-Adjust for Federal Tax Changes	\$547.1	\$547.1
BRE March 2018-Other Adjustments	-152.9	-152.9
<b>Spending</b>		
Supplemental Budgets No. 1, No. 2, and No. 3	-\$18.7	-\$18.7
Net Legislative Budget Cuts		35.7
<b>Fiscal 2019 Estimated Closing Balance</b>	<b>\$476.1</b>	<b>\$106.9</b>
Maryland Taxpayer Protection Act ( <i>Senate Bill 733/House Bill 875 (both failed)</i> )	-\$614.8	\$0.0
<b>Revised Fiscal 2019 Estimated Closing Balance</b>	<b>-\$138.7</b>	<b>\$106.9</b>

BRE: Board of Revenue Estimates

Source: Department of Legislative Services

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## Outlook for Future Budgets

As shown in **Exhibits A-1.7** and **A-1.8**, fiscal 2019 is projected to end with a fund balance of \$107 million. In fiscal 2019, ongoing revenues exceed ongoing spending by \$67 million.

The structural surplus of \$67 million in fiscal 2019 is an improvement from the projected \$222 million structural deficit for fiscal 2018. The structural deficit returns in fiscal 2020 at a projected level of \$823 million and grows each year of the forecast, reaching \$1.8 billion by fiscal 2023. Between fiscal 2019 and 2023, ongoing revenues are projected to grow at an average annual rate of 3.3%, while ongoing spending is projected to grow at an average annual rate of 5.6%.

Legislation passed during the 2018 session reduces revenues by nearly \$70 million and increases spending by more than \$600 million by fiscal 2023. Legislation affecting revenues with a projected five-year impact of \$50 million or more includes:

- ***Senate Bill 318/House Bill 570*** alter the value of the standard deduction in tax year 2018 by increasing its maximum value to \$2,250 for all single taxpayers and \$4,500 for all taxpayers filing jointly. Beginning in tax year 2019, the value of the standard deduction is indexed based on the annual change in the cost of living. It is estimated that altering the standard deduction will decrease State revenues by \$56.6 million in fiscal 2019, \$44.2 million in fiscal 2020, \$49.7 million in fiscal 2021, \$55.4 million in fiscal 2022, and \$61.5 million in fiscal 2023.
- ***Senate Bill 646/House Bill 308 (Chs. 15 and 21)*** specify that the value of the federal unified credit used to calculate the Maryland estate tax is equal to the amount corresponding to an applicable exclusion amount of \$5 million. The bill also establishes “portability” under the State estate tax by allowing, under specified circumstances, the estate of a married taxpayer to pass along the unused part of the estate tax exclusion amount to the surviving spouse. A surviving spouse may subsequently elect to claim the unused portion of the estate tax exclusion amount of the predeceased spouse. General fund revenues are projected to grow by \$38.6 million in fiscal 2020, increasing to \$53.4 million in fiscal 2021, \$55.5 million in fiscal 2022, and \$58.2 million in fiscal 2023.
- ***House Bill 1415 (passed)*** and the BRFA of 2018 create the Commission on Innovation and Excellence in Education Fund and requires that the Comptroller distribute \$200 million in income tax revenue to the fund in fiscal 2019 for use in a future fiscal year. General fund revenues decrease by \$200 million in fiscal 2019.

**Exhibit A-1.7**  
**General Fund Budget Outlook**  
**Fiscal 2019-2023**  
**(\$ in Millions)**

<u>Revenues</u>	<u>2019</u> <u>Leg.</u> <u>Approp.</u>	<u>2020</u> <u>Est.</u>	<u>2021</u> <u>Est.</u>	<u>2022</u> <u>Est.</u>	<u>2023</u> <u>Est.</u>	<u>2019-23</u> <u>Avg.</u> <u>Annual</u> <u>Change</u>
Opening Fund Balance	\$192	\$107	\$0	\$0	\$0	
Transfers	0	38	44	3639	37	
One-time Revenues	143					
One-time Revenue Changes – Legislation	-200	0	0	0	0	
<b>Subtotal One-time Revenue</b>	<b>\$134</b>	<b>\$145</b>	<b>\$44</b>	<b>\$39</b>	<b>\$37</b>	
Ongoing Revenues	\$17,946	\$18,355	\$18,949	\$19,632	\$20,386	
Revenue Adjustments and Legislation	-100	-54	-51	-60	-67	
<b>Subtotal Ongoing Revenue</b>	<b>\$17,846</b>	<b>\$18,301</b>	<b>\$18,898</b>	<b>\$19,573</b>	<b>\$20,319</b>	<b>3.3%</b>
<b>Total Revenues and Fund Balance</b>	<b>\$17,981</b>	<b>\$18,445</b>	<b>\$18,942</b>	<b>\$19,612</b>	<b>\$20,356</b>	<b>3.2%</b>
<b>Ongoing Spending</b>						
Operating Spending	\$18,314	\$19,413	\$20,293	\$21,160	\$22,017	
VLT Revenues Supporting Education <sup>(1)</sup>	-503	-520	-507	-514	-522	
Ongoing (Reductions)/Additions	-30	2	2	2	0	
Ongoing Spending – Legislation	-1	229	359	488	633	
<b>Subtotal Ongoing Spending</b>	<b>\$17,779</b>	<b>\$19,123</b>	<b>\$20,148</b>	<b>\$21,136</b>	<b>\$22,128</b>	<b>5.6%</b>
<b>One-time Spending</b>	<b>\$95</b>	<b>\$242</b>	<b>\$226</b>	<b>\$176</b>	<b>\$155</b>	
<b>Total Spending</b>	<b>\$17,874</b>	<b>\$19,366</b>	<b>\$20,374</b>	<b>\$21,312</b>	<b>\$22,283</b>	<b>5.7%</b>
<b>Ending Balance</b>	<b>\$107</b>	<b>-\$920</b>	<b>-\$1,431</b>	<b>-\$1,700</b>	<b>-\$1,927</b>	
Rainy Day Fund Balance	\$883	\$918	\$947	\$982	\$1,020	
Balance Over 5% of GF Revenues	1	0	0	0	0	
As % of GF Revenues	5.01%	5.00%	5.00%	5.00%	5.00%	
<b>Structural Balance</b>	<b>\$67</b>	<b>-\$823</b>	<b>-\$1,250</b>	<b>-\$1,563</b>	<b>-\$1,810</b>	

GF: general fund

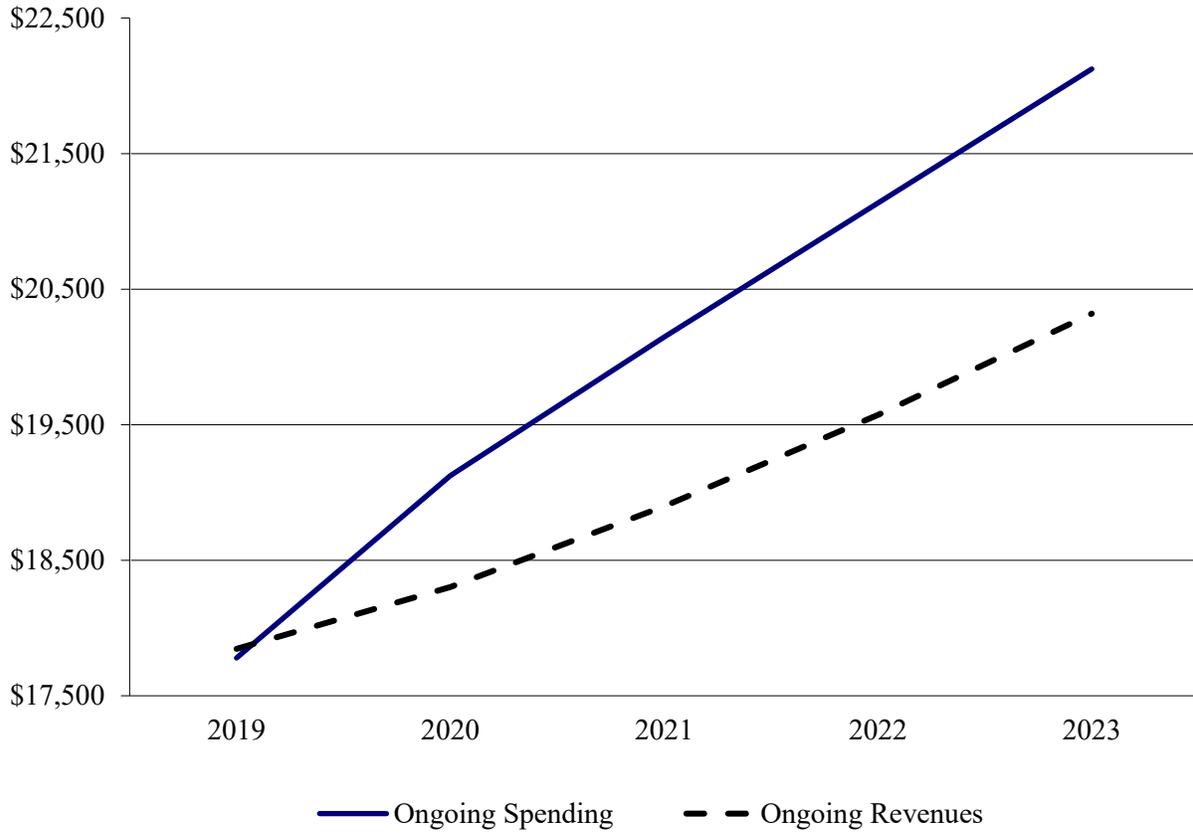
PAYGO: pay-as-you-go

VLT: video lottery terminal

<sup>(1)</sup> The Education Trust Fund is supported by revenues from video lottery terminals and table games.

Source: Department of Legislative Services

**Exhibit A-1.8**  
**The General Fund Structural Deficit**  
**Is Projected to Exceed \$1.8 Billion by Fiscal 2023**  
**Fiscal 2019-2023**  
**(\$ in Millions)**



Source: Department of Legislative Services

- ***Senate Bill 1154 (passed)*** alters the film production activity tax credit by (1) eliminating the program's reserve fund; (2) specifying that the Secretary of Commerce may award specified maximum amounts of tax credits in each fiscal year; and (3) requiring the Secretary of Commerce to reserve 10% of all tax credits in each fiscal year for qualified small or independent film entities. General fund revenues decrease by \$8 million in fiscal 2019, \$11 million in fiscal 2020, \$14 million in fiscal 2021, \$17 million in fiscal 2022, and \$20 million in fiscal 2023.

Legislation affecting expenditures with a projected five-year impact of \$50 million or more includes:

- ***Senate Bill 1122 (passed)*** proposes an amendment to the Maryland Constitution that will, if approved by the voters at the 2018 general election, require the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125 million in fiscal 2020, \$250.0 million in fiscal 2021, and \$375 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. In fiscal 2023, this is estimated at \$522 million.
- ***Senate Bill 1084/House Bill 1548 (both passed)*** establish the Continuing the Creating Opportunities for Renewal and Enterprise Partnership Fund within the Department of Housing and Community Development (DHCD) to assist the department, in conjunction with MSA and Baltimore City, in expeditiously removing blighted property within Baltimore City. The bills mandate funding of \$30 million in fiscal 2020 and \$25 million annually from fiscal 2021 through 2024.
- ***House Bill 1415*** extends the deadline for the Kirwan Commission to complete its work by one year. It also establishes or alters several programs and mandates funding for them beginning in fiscal 2019, including (1) a comprehensive teacher recruitment and outreach program; (2) the Maryland Early Literacy Initiative; (3) the Learning in Extended Academic Programs grant program; (4) the Public School Opportunities Enhancement Program; (5) the Teaching Fellows for Maryland scholarship program; and (6) the Career and Technology Education Innovation grant program. Beginning in fiscal 2020, the Governor must annually appropriate to the Prekindergarten Expansion Fund an amount that is at least equal to all revenues received by the fund in the previous fiscal year. Finally, the scope of a study of the individualized education program process in Maryland is expanded, and the due date for the study is extended. General fund spending is projected to increase by \$29.3 million in fiscal 2020, \$29.1 million by fiscal 2021, \$36.5 million by fiscal 2022, and by \$34.1 million in fiscal 2023. The General Assembly earmarked \$6.9 million in the fiscal 2019 budget to begin funding of the programs established by the bill.

- **House Bill 16 (passed)** establishes several initiatives intended to reduce the costs of attending community college and increase postsecondary completion rates in the State, including (1) beginning in the 2019-2020 academic year, a Maryland Community College Promise Scholarships Program for eligible applicants; (2) programs for students nearing the completion of a degree; and (3) specified tuition caps for community colleges in academic years 2019-2020 and 2020-2021. General fund spending is projected to increase by approximately \$15.6 million per year for fiscal 2020 through 2023.
- **Senate Bill 611 (passed)** establishes the Healthy School Facility Fund within the Interagency Committee on School Construction (IAC) to provide grants to public schools to improve the health of school facilities. The Governor must appropriate \$30 million for the fund in fiscal 2020 and 2021, which must be in addition to funds that would otherwise be appropriated for public schools. IAC must administer the grant program.

### **Budget Reconciliation and Financing Legislation**

As summarized in **Exhibit A-1.9**, the BRFA of 2018 has an overall \$89.2 million impact on the fiscal 2019 budget plan. Specifically, fiscal 2018 transfers and expenditure reductions total \$14.6 million, fiscal 2019 expenditure reductions total \$274.6 million, with these transfers and reductions partially offset by a \$200 million credit of fiscal 2019 income tax revenues to a special fund to implement the recommendations of the Kirwan Commission.

#### **Fiscal 2018 Fund Balance Transfers**

The BRFA of 2018 authorizes the transfer of \$9 million from USM State-supported fund balance to the General Fund in fiscal 2018. This provision implements a proposal made in September 2017 by BPW as part of cost containment actions taken at that time.

#### **Fiscal 2018 General Fund and Special Fund Expenditure Reductions**

The BRFA of 2018 includes four actions to reduce fiscal 2018 expenditures. In DHS, \$1.4 million in general funds is reduced from TDAP based on enrollment trends (which continue to fall) and also because the department has yet to provide an increase in the monthly benefit amount as requested in a fiscal 2018 funding restriction. In DDA, a total of \$7 million (\$4 million in general funds and \$3 million in federal funds) is reduced as a result of contracts for utilization review and financial management services for self-directed services from fiscal 2018 that will not be awarded. A final fiscal 2018 action reduces special funds for the Aid to Non-Public Schools Program by \$100,000 based on savings expected as a result of schools being made ineligible if they have also been found ineligible for the Broadening Options and Opportunities for Students Today program.

### Fiscal 2019 General Fund Expenditure Reductions

As noted in **Exhibit A-1.9**, there are \$274.6 million in fiscal 2019 general fund reductions contingent on the BRFA of 2018. The largest reduction, \$148.5 million, is to the appropriation to the Rainy Day Fund. As introduced, the BRFA of 2018 reduced the appropriation by \$193 million. The final reduction reflects the restriction of \$44.5 million to be used for various legislative priorities (see Exhibit A-1.14 for additional detail). The BRFA of 2018 also defers, for fiscal 2019 only, \$50 million of the supplemental contribution to the State Retirement and Pension System and a \$15 million repayment to POS. An additional POS repayment of \$15 million is added in fiscal 2022.

In February 2018, the federal Bipartisan Budget Act of 2018 was enacted that closes the Medicare Part D coverage gap by January 1, 2019. In response, the BRFA of 2018 accelerates the elimination of State prescription drug coverage for Medicare-eligible retirees by six months while clarifying that a spouse, surviving spouse, dependent child, or surviving dependent child may continue to be enrolled in State prescription drug coverage if they are not eligible to participate in a Medicare prescription drug plan. This provision results in total fund savings of \$47.3 million (\$34.9 million in general funds, \$7.7 million in special funds, and \$4.6 million in federal funds).

The BRFA of 2018 contains two provisions that result in a \$13 million contingent general fund reduction in Medicaid: (1) \$8 million as a result of the one-time use of a like amount of special funds from available fund balance in the Maryland Trauma Physicians Services Fund; and (2) \$5 million as a result of slowing the phase-down of the Medicaid Deficit Assessment from the mandated \$35 million to \$30 million. The out-year phase-down of the assessment remains unchanged: \$40 million in fiscal 2020 and \$25 million per year thereafter.

Two programs in DHCD are also reduced by the BRFA of 2018: (1) the Baltimore Regional Neighborhood Initiative program by \$4 million, leaving \$8 million in fiscal 2019; and (2) the Seed Community Development Anchor Institution program by \$1 million, leaving \$4 million in fiscal 2019. In both instances, out-year funding mandates remain unchanged.

Finally, funding for four education programs are reduced. The Teacher Induction, Retention, and Advancement Pilot Program is reduced by \$2 million and the Next Generation Scholars program by \$0.3 million leaving available fiscal 2019 funding of \$3 million and \$4.7 million, respectively. In both cases, out-year funding mandates remain unchanged. Funding for an Anne Arundel County pilot program is eliminated, saving \$1.9 million. The BRFA of 2018 also reduces funding for an annual State matching contribution for certain new accounts in the Maryland College Investment Plan, by \$4 million, leaving \$3 million, and maintains out-year funding at that revised level. The same provision is included in ***Senate Bill 933 (passed)***.

**Exhibit A-1.9**  
**Actions in the Budget Reconciliation and Financing Act of 2018**  
**(\$ in Millions)**

	<u><b>Action</b></u>
<b>Fund Balance Transfers – Fiscal 2018</b>	
Transfer from the University System of Maryland State-supported Fund Balance	\$9.0
<b>Contingent General Fund Reductions – Fiscal 2018</b>	
Reduce Unspent Fiscal 2018 Administrative Funds for DDA	\$4.0
Reduce Unspent Fiscal 2018 Funds for TDAP Grant Increase	1.4
<b><i>Subtotal</i></b>	<b><i>\$5.4</i></b>
<b>Contingent Special Fund Reductions – Fiscal 2018</b>	
Reduce Unexpended Appropriation for Aid to Non-Public Schools	\$0.1
<b>Contingent General Fund Reductions – Fiscal 2019</b>	
Reduce Appropriation to Rainy Day Fund	\$148.5
Reduce Supplemental Payment to Pension System to \$75 Million	50.0
Medicare-eligible State Retirees to Enroll in Medicare Part D in January 2019	34.9
Defer Portion of Transfer Tax Repayment	15.0
Utilize Trauma Physicians Fund for Medicaid	8.0
Slow Phase-down of Medicaid Deficit Assessment on Hospitals	5.0
Reduce Funds for Baltimore Regional Neighborhood Initiative	4.0
Reduce Funding for 529 Match	4.0
Reduce Teacher Induction, Retention, and Advancement Pilot Program	2.0
Repeal Anne Arundel Teacher Pilot Program	1.9
Reduce Funding for Seed Anchor Institution Program	1.0
Reduce Next Generation Scholars Mandate	0.3
<b><i>Subtotal</i></b>	<b><i>\$274.6</i></b>
<b>Fiscal 2019 Revenue Allocation</b>	
Credit \$200 Million in Income Tax Revenue to a Special Fund to Support the Implementation of the Recommendations of the Kirwan Commission	-\$200.0
<b>Total Impact of BRFA on Fiscal 2019 Budget Plan</b>	<b>\$89.2</b>

BRFA: Budget Reconciliation and Financing Act

DDA: Developmental Disabilities Administration

Kirwan Commission: Commission on Innovation and Excellence in Education

TDAP: Temporary Disability Assistance Program

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

Source: Department of Legislative Services

### **Fiscal 2019 Revenue Allocation**

The BRFA of 2018 includes a provision crediting \$200 million in income tax revenues to a newly created special fund to support the implementation of the recommendations of the Kirwan Commission. This provision is also included in *House Bill 1415*. For a further discussion of the Commission on Innovation and Excellence in Education Act, see Part L – Education in this *90 Day Report*.

### **Other Mandate Relief, Fund Balance Transfers, Cost Control, and Expanded Use of Special Fund Provisions**

The BRFA of 2018 includes a provision that provides mandate relief in fiscal 2020 and 2021 by reducing the cap on projected nonwithholding income tax revenues that must, under certain circumstances, be deducted from projected general fund revenue estimates. Specifically, the current 2% cap in place for fiscal 2020 and subsequent years is reduced to 0.5% in fiscal 2020 and 1% in fiscal 2021, thereby potentially freeing up additional general fund revenues in each of those two years. Another provision allows the transfer of \$1.8 million in fund balance in the Tuition Stabilization Trust (a trust established to hold down tuition increases in public four-year institutions) to the Need-based Student Financial Assistance Fund.

The BRFA of 2018 authorizes the use of up to \$300,000 in POS funding provided to the Maryland Heritage Areas Authority Financing Fund to be transferred to the Maryland Historical Trust for noncapital historic preservation grants. Finally, a provision requires MDH and the Health Services Cost Review Commission to develop Medicaid-specific savings targets and performance measures beyond those included in the successor all-payer model contract.

### **Statutory Clarifications**

The BRFA of 2018 includes a series of changes to existing statute that in most cases are primarily clarifying in nature. Specifically, provisions clarify that the Judiciary can include in its budget request funds necessary to implement the recommendations of the Judicial Compensation Commission; the formula used to determine the mandated funding level under the Core Public Health Services program; the use of the Strategic Demolition and Smart Growth Impact Fund; that funding for the Maryland Heritage Areas Authority authorized by Chapters 660 and 661 of 2017 comes from POS State funding for land acquisitions; criteria used to identify interagency agreements to be reviewed; and the submission date for the Maryland Transportation Authority's financial forecast.

Two additional provisions relate to the decision by the U.S. Bureau of Labor Statistics, effective January 2018, to introduce a new geographic area sample for the Consumer Price Index (CPI) consisting of a mix of 75 large, medium, and small urban areas. The combined Washington-Baltimore metropolitan area CPI will no longer be reported and, instead, will be reported separately as the Washington-Arlington-Alexandria DC-VA-MD-WV (Washington Core Based Statistical Area (CBSA)) and Baltimore-Columbia-Towson MD (Baltimore CBSA) regions. Under current law, the State Foundation Formula, student transportation formulas, and other formulas reference the CPI for the Washington-Baltimore metropolitan area. The BRFA of 2018

requires DLS, DBM, and MSDE to determine which regional CPI to use to calculate the State Foundation and student transportation formulas in fiscal 2020 only and for the Kirwan Commission to recommend the appropriate inflationary indices to be used in State education aid formulas. It also requires DLS to identify other statutory references to the obsolete index and make recommendations for an appropriate replacement.

### **Miscellaneous Recommendations**

Other provisions in the BRFA of 2018 include:

- Various items restricting revenue distributed to the Special Fund for Preservation of Cultural Arts or the Maryland State Arts Council, including for a \$450,000 grant to the Maryland Academy of Sciences, a supplemental grant of up to \$650,000 to the Baltimore Symphony Orchestra, seven other grants totaling \$650,000 to various other organizations, and also adding a mandate, beginning in fiscal 2020, to provide a \$250,000 grant for the Maryland Historical Society.
- Adding Legislative Policy Committee review and comment periods on actions related to the Dedicated Purpose Account (45 days) and transfers from the Catastrophic Event Account (15 days).
- Allowing the encumbrance of certain anticipated unspent fiscal 2018 funding in the Department of Aging and the State Board of Elections to be used in fiscal 2019, and adding a similar provision for any unspent fiscal 2019 school safety funding, allowing it to be spent in fiscal 2020.
- Increasing, from \$249.9 million to \$256.3 million, the amount of Temporary Assistance for Needy Families funding that may be spent in fiscal 2018 based on revised estimates of available funding.
- Allowing rate increases for payments to providers with rates set by the Interagency Rates Committee of 3% over fiscal 2018 levels rather than the 1% originally provided for. The operating budget includes a restriction of \$3 million in general funds in the Rainy Day Fund to support the proposed rate increase.
- Requiring the Bureau of Revenue Estimates to include in its existing revenue reports to BRE a statement of estimated revenues from premium taxes collected by the Maryland Insurance Administration (MIA). In order to prepare the statement, MIA is required to submit to the bureau (1) quarterly premium tax data on a cash basis and by fund source; (2) a fiscal year-end closeout report reconciling the quarterly data; (3) an annual report by insurer; and (4) any other data requested by the bureau.

- Based on the current unfunded liability, extending the \$10 million annual repayment to the Local Income Tax Reserve Account beyond fiscal 2025.
- For fiscal 2020 through 2022, reducing from \$15 million to \$12.5 million a general fund repayment to POS and adding a \$2.5 million mandated funding requirement for the same period for the Maryland Agricultural and Resource-Based Industry Development Corporation in order to fund the Next Generation Farmland Acquisition Program.
- Requiring Transportation Trust Fund forecasts to increase the operating expenditure forecast, net of availability payments paid to public-private partnership concessionaires, by actual operating budget growth rates, except that growth rates may not increase or decrease by more than 0.5 percentage points from the rate assumed in the previous forecast.
- Requiring speed camera revenues distributed to the Department of State Police (DSP) to be used only to fund motor vehicle purchases.
- Authorizing, for fiscal 2018 and 2019 only, the Maryland Clean Air Fund to retain a balance of \$6 million. Currently, balances over \$2 million revert to the General Fund.
- Requiring any funds provided to State agencies as a result of conditions of an approved merger between AltaGas Ltd. and WGL Holdings, Inc. to be appropriated through the State budget or other legislation. The Public Service Commission approved the merger on April 4, 2018. At the time of writing, the only funding known to be going to a State agency is \$30.3 million to the Natural Gas Expansion Fund to be administered by the Maryland Energy Administration (MEA). The provision in the BRFA of 2018 means that MEA will not be able to use these funds until a deficiency appropriation is approved for fiscal 2019 or an appropriation is included in the fiscal 2020 budget.
- Expressing legislative intent that certain entities licensed to operate instant bingo games using electronic machines be authorized to operate any other electronic machine approved by the SLGCA Commission.

## Selected Budgetary Initiatives and Enhancements

### K-12 Education Enhancements

Though the Kirwan Commission will not submit its final recommendations for formula funding until its extended deadline of December 31, 2018, the General Assembly reserved funding to prepare for anticipated increased spending for education in the future that will result from these recommendations. Through both the BRFA of 2018 and *House Bill 1415*, the General Assembly established the Commission on Innovation and Excellence in Education Fund, a nonlapsing special fund that may only be used to provide funding for early childhood and primary and secondary education in accordance with the State budget. These bills also reserved \$200 million from the increase in income tax revenue anticipated by BRE for fiscal 2019 for the fund to be spent in a future fiscal year.

The General Assembly restricted funding for initiatives to implement several of the commission's preliminary recommendations. This included \$4.5 million from the Public School Opportunities Enhancement Program to be used for the Learning in Extended Academic Programs grant program to assist schools with high levels of poverty with before school, after school, or summer academic programs. Another \$6.9 million from the State Reserve Fund was restricted for various initiatives, which include literacy programs in Title I schools (\$2.5 million), the Teaching Fellows for Maryland scholarship (\$2 million), career and technology education grants (\$2 million), a teacher recruitment and outreach program (\$250,000), and a study on the costs of special education (\$121,000). All of these initiatives are established under *House Bill 1415*. For a further discussion of the Commission on Innovation and Excellence in Education Act, see Part L – Education in this *90 Day Report*.

### School Safety

The fiscal 2019 budget provides a combined \$40.6 million in operating and capital funds to improve the safety and security of Maryland's schools. The purpose and manner for expending the funds is closely tied to *Senate Bill 1265 (Ch. 30)*, the Maryland Safe to Learn Act of 2018, which makes comprehensive changes designed to improve the safety of the State's public schools. In total, \$15 million in general funds was contingent on the enactment of *Senate Bill 1265*.

The Maryland Safe to Learn Act of 2018 establishes a School Safety Subcabinet, which also serves as the governing board for the Maryland Center for School Safety (MCSS). For administrative purposes, the center is reassigned as an independent unit within MSDE. Provisions included in the operating and capital budgets, along with those in *Senate Bill 1265*, seek to consolidate all school safety funding resources within MSDE (operating) and IAC (capital). The bill also repurposes the School Safety Enforcement Fund to create a Safe Schools Fund for making grants to local school systems to assist in implementing the bill's provisions.

**Exhibit A-1.10** provides detail on the funding appropriated for school safety in fiscal 2019. Grants made to local school systems and law enforcement agencies account for \$37.6 million of the total appropriation. This includes:

- \$23.5 million in fenced off funding for PAYGO capital expenses to improve the safety and security of school facilities;
- \$10 million in general funds fenced off to provide school safety operating grants for expenses incurred for additional training, mental health outreach, and other allowances established in *Senate Bill 1265*;
- \$2.5 million in general funds to provide grants to local school systems for the cost of conducting mandated safety evaluations;
- \$1 million in general funds to establish a new grant program in response to Chapter 732 of 2017, which provides funding for operating and capital security-related projects to schools and child care centers at risk of a hate crime; and
- \$600,000 in special funds annually appropriated for the School Safety Enforcement Fund, which is now included in the purposes of the new Safe Schools Fund.

With the exception of the grant funding for schools at risk of hate crimes, *Senate Bill 1265* directs these funds to be appropriated in the Safe Schools Fund, administered by MSDE. The legislation redirects the hate crime grant funds from GOCCP to MSDE's Innovative Programs unit. Beginning in fiscal 2020, the bill also requires a \$10 million annual appropriation to the Safe Schools Fund to offset additional costs incurred by local jurisdictions for enhancing the presence of School Resource Officers and other local law enforcement.

**Exhibit A-1.10**  
**Funding for School Safety**  
**Fiscal 2019**  
**(\$ in Millions)**

<u>Description of Funds</u>	<u>Approp.</u>	<u>Final Budget Plan</u>
<b>Grants to Local Jurisdictions</b>		
<b>Operating Budget</b>		
School Safety Operating Grants – grants to local school systems for various types of training, development of plans for delivery of mental health/wraparound services, enhanced community outreach, etc.	\$10.0	<i>Senate Bill 185</i> redirects funds for this purpose to be administered by MSDE, contingent on <i>Senate Bill 1265</i> ; <i>Senate Bill 1265</i> requires funds to be appropriated in the Safe Schools Fund.
Safety Evaluation Grants – grants to local school systems for mandated safety evaluations	2.5	<i>Senate Bill 185</i> redirects grants from GOCCP to be administered by MSDE, contingent on enactment of <i>Senate Bill 1265</i> ; <i>Senate Bill 1265</i> requires funds to be appropriated in the Safe Schools Fund.
Hate Crime School Safety Grants – grants to public and private schools and day care centers at risk of hate crimes; funds can support operating or capital costs	1.0	<i>Senate Bill 1265</i> requires funds to be moved from GOCCP to MSDE to administer the program.
Safe Schools Fund – statutory special fund providing grants to enforce school safety	0.6	Formerly the School Safety Enforcement Fund, renamed by <i>Senate Bill 1265</i> , the fund receives an annual appropriation of \$600,000 in special funds from penalties paid by uninsured drivers.
<b>Capital Budget</b>		
School Safety Capital Improvements – grants to public schools for safety and security related capital improvements identified through safety evaluations	\$20.0	<i>Senate Bill 185</i> and <i>Senate Bill 186 (Ch. 9)</i> restrict funds for PAYGO capital expense grants to be administered by IAC.
Nonpublic School Safety Capital Improvements – safety and security related grants distributed to nonpublic schools by formula	3.5	<i>Senate Bill 186</i> restricts anticipated bond premiums for PAYGO capital expense grants to be administered by IAC.
<b>Total</b>	<b>\$37.6</b>	

<u>Description of Funds</u>	<u>Approp.</u>	<u>Final Budget Plan</u>
<b>Maryland Center for School Safety</b>		
MCSS mandated funding for operating expenses	\$3.0	<i>Senate Bill 185</i> makes \$2.5 million and 13 positions contingent on <i>Senate Bill 1265</i> ; <i>Senate Bill 1265</i> requires MCSS operations and associated funding and positions to be relocated within MSDE.
<b>Total</b>	<b>\$3.0</b>	
<b>Total All Funds</b>	<b>\$40.6</b>	

GOCCP: Governor's Office of Crime Control and Prevention  
 IAC: Interagency Committee on School Construction  
 MCSS: Maryland Center for School Safety  
 MSDE: Maryland State Department of Education  
 PAYGO: pay-as-you-go

Source: Department of Legislative Services

The funding provided for capital-related expenses includes \$20 million dedicated for improvements to public schools and \$3.5 million for nonpublic schools. These funds are to be distributed to the public schools through IAC in response to the findings of the safety evaluations. Grants to nonpublic schools are distributed on a formula basis. Allowable expenses can include secure and lockable classroom doors, areas of safe refuge within classrooms, and surveillance and other security-related technology for school monitoring purposes. *House Bill 1783 (Ch. 14)* mandates \$10 million be appropriated annually for safety-related capital improvements.

Although it is anticipated that school systems will complete the mandated safety assessments during fiscal 2019, funding requests to address operating or capital deficiencies may not be known in time to distribute the entire appropriation by the end of the fiscal year. A provision was included in the BRFA of 2018 to allow for an additional year to make grant awards from school safety funds budgeted within MSDE and IAC.

The fiscal 2019 operating budget provides MCSS with \$3 million in general funds and 14 positions to support its operations. Budget bill language made \$2.5 million and 13 positions contingent on the enactment of *Senate Bill 1265*, which significantly expands the role and responsibilities of the center in monitoring school safety throughout the State. Uncodified provisions in *Senate Bill 1265* also reallocate MCSS funding and resources to MSDE. Beginning in fiscal 2020, the mandated appropriation for the center's operations is increased from \$500,000 to at least \$2 million.

### **Provider Rate Increases**

The Governor’s allowance provided \$139.7 million in total funds for Medicaid provider rate increases and hospital rate assumptions in MDH Medical Care Programs Administration excluding behavioral health. Legislative action set aside an additional \$35 million to increase rates for nursing homes, Community First Choice, medical day care, private duty nursing, and home- and community-based services from 1% to 3%.

In the MDH Behavioral Health Administration (BHA) and the DDA provider rates are mandated to increase by 3.5% in fiscal 2019. The Governor’s allowance limited the provider rate increases for BHA and DDA to 2% and 1%, respectively. Legislative action restored the 3.5% mandated increase for both BHA and DDA. The fiscal 2019 legislative appropriation includes \$38.1 million in total funds (\$18.5 million in general funds and \$19.5 million in federal funds) for increases to BHA provider rates and \$39.2 million in total funds (\$20.6 million in general funds and \$18.6 million in federal funds) for increases to DDA provider rates. The fiscal 2019 legislative appropriation also includes \$12.8 million in BHA for regulated rate increases.

The Governor’s allowance included a 1% provider rate increase for residential child care programs. Legislative action increased rates by 3%. The fiscal 2019 legislative appropriation includes \$4.7 million in general funds to provide the 3% provider rate increase.

### **State Reserve Fund**

The Rainy Day Fund, Dedicated Purpose Account, and Catastrophic Event Account are projected to have a combined \$887.4 million in total fund balance at the end of fiscal 2019. Activity in fiscal 2018 and 2019 is shown in **Exhibit A-1.11**.

### **Revenue Stabilization Account**

The fiscal 2019 budget appropriates \$3.3 million into the Rainy Day Fund. The General Assembly amended the allowance to restrict another \$44.5 million for various projects and programs. The end-of-year Rainy Day Fund balance is projected to be \$882.5 million, which is 5% of estimated fiscal 2019 general fund revenues.

### **Dedicated Purpose Account**

For fiscal 2019, the Dedicated Purpose Account appropriation totals \$6 million to support POS critical maintenance projects.

**Exhibit A-1.11**  
**State Reserve Fund Activity**  
**Fiscal 2018-2019**  
**(\$ in Millions)**

	<b>Rainy Day Fund</b>	<b>Dedicated Purpose Account</b>	<b>Catastrophic Event Account</b>
<b>Estimated Balances June 30, 2017</b>	<b>\$832.5</b>	<b>\$0.0</b>	<b>\$7.2</b>
Fiscal 2018 Appropriation	10.0		
DHCD Business Works Loan Repayment			0.1
Baltimore City HVAC Repairs			-2.5
Interest	16.0		
<b>Estimated Balances June 30, 2018</b>	<b>\$858.5</b>	<b>\$0.0</b>	<b>\$4.8</b>
Fiscal 2019 Appropriation	3.3	6.0	
Transfer to Program Open Space		-6.0	
Estimated Interest	20.7		
<b>Estimated Balances June 30, 2019</b>	<b>\$882.5</b>	<b>\$0.0</b>	<b>\$4.8</b>
<b>Percent of Revenues in Reserve</b>	<b>5.0%</b>		

DHCD: Department of Housing and Community Development  
 HVAC: heating, ventilation, and air conditioning

Source: Department of Budget and Management

### **Catastrophic Event Account**

The Catastrophic Event Account did not receive an appropriation in fiscal 2019. The account is anticipated to end fiscal 2019 with a \$4.8 million fund balance. In response to flooding in Ellicott City, the account loaned \$2.5 million in fiscal 2017 to DHCD's BusinessWorks program to provide loans to assist with rebuilding efforts. To date, \$0.2 million of these loans have been repaid to the account. Should the remaining \$2.3 million be repaid, the fiscal 2019 end-of-year balance could climb to \$7.1 million.

### **Legislation Affecting the Reserve Fund**

The BRFA of 2018 contains a provision that affects the Rainy Day Fund. Chapter 4 of 2017 required that the Rainy Day Fund receive a share of nonwithholding general funds above a cap that is based on the 10-year average nonwithholding revenues' share of total general funds. In years in which there are funds above the cap, excess funds are first used to offset any general fund revenue shortfall, if there is one. If there is no shortfall, the Comptroller is required to credit excess

funds to the Rainy Day Fund if that fund's balance is less than 6% of estimated general fund revenues. Once the Rainy Day Fund balance reaches 6% of estimated general fund revenues, 50% of any excess funds are credited to the Rainy Day Fund (until the balance equals at least 10% of estimated general fund revenues), and the other 50% is credited to the Fiscal Responsibility Fund, which the Governor must use to provide PAYGO appropriations for public school, community college, and four-year higher education projects. The share of nonwithholding that can be appropriated into the Rainy Day Fund or Fiscal Responsibility Fund was capped under Chapter 4 at 2% of general fund revenues. The BRFA of 2018 phases the legislation in over three years; the cap on nonwithholding revenues will be 0.5% of general funds in fiscal 2020, 1% in fiscal 2021, and 2% in fiscal 2022.

## **Personnel**

In fiscal 2019, employee costs increase by \$187.9 million, or 2.3%, to \$8.4 billion. Employee costs are 21% of the State budget. The largest adjustments to personnel spending are an across-the-board health insurance reduction in fiscal 2018 (\$73.2 million), a 2% general salary increase effective January 1, 2019 (\$54.3 million); overtime costs (\$32.1 million), and funding to provide step increases to SLEOLA members (\$15.1 million). Increases in personnel expenditures were partially offset by a \$35.7 million decrease in turnover expectancy, increasing the statewide turnover rate to 6.6%.

### **Employee Compensation**

The fiscal 2019 budget provided funding for a 2% general salary increase effective January 1, 2019. If fiscal 2018 general fund revenues exceed forecasted levels by at least \$75 million, State employees will also receive an additional 0.5% general salary increase and a \$500 bonus effective April 1, 2019. Funding for these April 2019 compensation adjustments is not included in the fiscal 2019 budget and would need to be added through a deficiency at the 2019 session. Funding was not provided for employee increments. Increments are merit increases in which employees with satisfactory evaluations receive a one-step salary increase. A total of \$15.1 million was included in the statewide program to fund step increases for SLEOLA members, including (1) retroactive step increases for officers who missed step increases in prior years; (2) annualization of the cost of step increases provided on January 1, 2018; and (3) additional step increases in fiscal 2019.

### **Pension Funding**

Retirement contributions decrease by \$1.6 million in fiscal 2019, or 0.2%. The approved budget fully funds the State's actuarially required contribution and provides \$75 million of supplemental contributions. An additional \$50 million supplemental contribution from surplus prior year funds was eliminated in the BRFA for fiscal 2019.

## Employee and Retiree Health Insurance

**State Employees and Retirees Health and Welfare Benefits Fund:** The health insurance account closed with a high fund balance in fiscal 2017. Favorable trends in prescription drug rebates, as well as an additional pay period of contributions in fiscal 2016, contributed to the surplus. Slower growth in claims is projected in fiscal 2018 and 2019, primarily due to trends in prescription drug costs. A new pharmacy benefit manager contract is anticipated to reduce prescription drug spending through favorable pricing in calendar 2018, and a change in the drug formulary in calendar 2019. Contributions are reduced in fiscal 2018 through two additional payroll holidays for health insurance deductions, which reduces contributions into the account by approximately \$121 million (\$96.9 million in State agency contributions). Fiscal 2019 budgeted contributions decrease by 3.9% when compared to fiscal 2017 actual contributions. After deducting estimated unpaid liabilities, the account is projected to close with a fund balance of \$3.1 million in fiscal 2019.

**Medicare Part D:** The 2010 Affordable Care Act included provisions to phase out the Medicare Part D coverage gap by January 1, 2020. On February 9, 2018, President Donald J. Trump signed into law the Bipartisan Budget Act of 2018 (H.R. 1892), which accelerated the closure of the Medicare Part D coverage gap, also known as the donut hole, to January 1, 2019. The BRFA of 2018 includes a provision that accelerates the elimination of State prescription drug coverage for Medicare-eligible retirees from July to January 2019 to align with the federal action to close the donut hole by January 1, 2019. The provision clarifies that a spouse, surviving spouse, dependent child, or surviving dependent child may remain enrolled in the State prescription drug plan if they are not eligible to participate in a Medicare prescription drug plan. The provision further directs DBM to notify State retirees of the changes in coverage by July 1, 2018.

## Workforce Changes

In fiscal 2019, the State workforce decreases by 107 positions to 80,409, as shown in **Exhibit A-1.12**. The budget as introduced by the Administration funded 80,414 positions. Supplemental Budgets No. 1, No. 2, and No. 3 created 29 positions, including 13 positions in DSP for school safety, 11 positions in MSDE to create monitoring and compliance units, 2 positions in MDH, 2 positions in Historic St. Mary's City Commission, and 1 position in the Office of the Attorney General. Legislative action abolished 23.25 positions in the Judiciary and the 11 positions in MSDE created by Supplemental Budget No. 2.

**Exhibit A-1.12**  
**Regular Full-time Equivalent Positions**  
**Fiscal 2018-2019**

<u>Department/Service Area</u>	<u>2018</u> <u>Working</u> <u>Approp.*</u>	<u>2019</u> <u>Allowance</u>	<u>Supplemental</u> <u>Budgets</u>	<u>Legis.</u> <u>Reductions</u>	<u>2019</u> <u>Legis.</u> <u>Approp.</u>
<b>Largest Six State Agencies</b>					
Public Safety and Correctional Services	10,554	10,454	0	0	10,454
Transportation	9,058	9,058	0	0	9,058
Human Services	6,220	6,120	0	0	6,120
Health	6,218	6,276	2	0	6,278
State Police	2,436	2,436	13	0	2,449
Juvenile Services	1,987	1,987	0	0	1,987
<b>Subtotal</b>	<b>36,472</b>	<b>36,330</b>	<b>15</b>	<b>0</b>	<b>36,345</b>
<b>Other Executive</b>					
Legal (Excluding Judiciary)	1,474	1,475	1	0	1,476
Executive and Admin. Control	1,562	1,571	2	0	1,573
Financial and Revenue Admin.	2,099	2,097	0	0	2,097
Budget and Management and DoIT	567	567	0	0	567
Retirement	210	210	0	0	210
General Services	581	581	0	0	581
Natural Resources	1,333	1,340	0	0	1,340
Agriculture	355	352	0	0	352
Labor, Licensing, and Regulation	1,471	1,446	0	0	1,446
MSDE and Other Education	1,940	1,930	11	-11	1,930
Housing and Community Development	333	333	0	0	333
Commerce	193	192	0	0	192
Environment	893	893	0	0	893
<b>Subtotal</b>	<b>13,010</b>	<b>12,987</b>	<b>14</b>	<b>-11</b>	<b>12,990</b>
<b>Executive Branch Subtotal</b>	<b>49,482</b>	<b>49,318</b>	<b>29</b>	<b>-11</b>	<b>49,336</b>
<b>Higher Education</b>	<b>26,296</b>	<b>26,294</b>	<b>0</b>	<b>0</b>	<b>26,294</b>
<b>Judiciary</b>	<b>3,989</b>	<b>4,052</b>	<b>0</b>	<b>-23</b>	<b>4,029</b>
<b>Legislature</b>	<b>749</b>	<b>751</b>	<b>0</b>	<b>0</b>	<b>751</b>
<b>Grand Total</b>	<b>80,516</b>	<b>80,414</b>	<b>29</b>	<b>-34</b>	<b>80,409</b>

DoIT: Department of Information Technology

MSDE: Maryland State Department of Education

\* Fiscal 2018 positions have been adjusted to include positions added by deficiency and higher education flex authority.

Note: Numbers may not sum due to rounding.

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

## Legislative Priorities

The General Assembly restored funding for a number of spending priorities, rejecting more than \$114 million of programmatic funding reductions proposed by the Governor through the BRFA. **Exhibit A-1.13** illustrates the specific reductions rejected by the General Assembly. Funding restorations include \$33.6 million in aid to local governments and \$57.4 million for providers of health care services to vulnerable populations, including \$22.5 million to fund mandated 3.5% rate increases for providers serving the developmentally disabled and delivering behavioral health services.

The General Assembly further expressed its spending priorities by restricting \$44.5 million of the appropriation originally proposed for the Rainy Day Fund for other purposes. **Exhibit A-1.14** details the specific restrictions. Funds are restricted for a variety of programs, including provider rate increases, school safety grants, violence intervention and prevention grants, K-12 education initiatives in support of the recommendations of the Kirwan Commission, scholarships, public television film productions, booklets on the history of the old Senate and House chambers, the Maryland Farms and Families Fund, and grants to arts and other organizations. Each item can be considered separately by the Governor, and those items that are not used for the restricted purpose revert to the General Fund at the end of the fiscal year.

**Exhibit A-1.15** lists \$29.4 million in general and special fund appropriations that represent additional restrictions throughout the budget to be used only to implement legislative priorities. Funds are restricted for school safety operating and capital grants, school facilities assessments, opioid treatment programs, capital transportation grants, higher education programs, medical education courses, and grants for various purposes through the Special Fund for Preservation of Cultural Arts. In most cases, the funding restrictions are for purposes similar to the Governor's proposed use of the funds. For example, \$10 million included in the Governor's budget for school safety grants is restricted specifically for PAYGO school safety grants. If the Governor does not opt to transfer funds for these legislative priorities, funds either revert to the General Fund at the end of the fiscal year or are canceled.

**Exhibit A-1.13**  
**Budget Restorations and Priorities**  
**(\$ in Millions)**

<u>Administration Proposal</u>	<u>Admin.</u>	<u>Leg.</u>
Restructure Payments to Prince George’s Regional Medical Center	\$29.0	\$0.0
Shift Property Assessment Costs to Locals	19.7	0.0
Reduce DDA Provider Rate Increase from 3.5% to 1%	14.6	0.0
Slow Phase-down of Medicaid Hospital Assessment	10.0	5.0
Reduce Funds for Baltimore Regional Neighborhood Initiative	9.0	4.0
Reduce Behavioral Health Provider Rate Increase from 3.5% to 2%	7.9	0.0
Level Fund Grant to Private Colleges and Universities	7.4	0.0
Repeal Funding for SEED Anchor Institution Program	5.0	1.0
Repeal Teacher Induction Retention and Advancement Program	5.0	2.0
Reduce Public School Opportunities Program (Re-purposed by Legislature)	5.0	0.0
No Funds for Next Generation Scholars	5.0	0.3
No New Funding for UMBC to Improve Funding Guideline Attainment	4.0	0.0
Level Fund USM Center for Economic and Entrepreneurship Development	2.0	0.0
Reduce Funding for Arts Council	1.0	0.0
Level Fund BCCC	0.9	0.0
Level Fund Local Health Department Formula Grant	0.9	0.0
No Robotics Grants	0.3	0.0
<b>Total Reductions</b>	<b>\$126.7</b>	<b>\$12.3</b>

BCCC: Baltimore City Community College  
 DDA: Developmental Disabilities Administration  
 UMBC: University of Maryland Baltimore County  
 USM: University System of Maryland

Source: Department of Legislative Services

**Exhibit A-1.14**  
**Legislative Budget Priorities**  
**Rainy Day Fund**  
**Fiscal 2019**  
**(\$ in Millions)**

	<b>General Funds</b>
MDH: Medicaid Provider Reimbursements	\$17,200,000
MSDE: School Safety Grants	9,000,000
GOCCP: Violence Intervention and Prevention Grants	5,000,000
DHS and DJS: Provider Reimbursements	3,000,000
MPT: Production of Harriet Tubman and Frederick Douglass Films	3,000,000
MSDE: Maryland Early Literacy Initiative	2,500,000
MHEC: Teacher Fellows for Maryland Scholarships	2,000,000
MSDE: Career and Technical Education Innovation	2,000,000
MSDE: Teacher Recruitment and Outreach	250,000
MDA: Maryland Farms and Families Fund	200,000
MSDE: Special Education Studies	121,000
Maryland Humanities Council	100,000
Laurel Advocacy and Referral Services, Inc.	40,000
901 Arts	25,000
Arts Every Day	25,000
MSA: Booklets on History of Old State House Chambers	20,000
<b>Total</b>	<b>\$44,481,000</b>

DHS: Department of Human Services  
DJS: Department of Juvenile Services  
GOCCP: Governor's Office of Crime Control and Prevention  
MDA: Maryland Department of Agriculture  
MDH: Maryland Department of Health  
MHEC: Maryland Higher Education Commission  
MPT: Maryland Public Television  
MSA: Maryland Department of Agriculture  
MSDE: Maryland Department of Education

Source: Department of Legislative Services

**Exhibit A-1.15**  
**Additional Legislative Budget Priorities**  
**Fiscal 2019**  
**(\$ in Millions)**

	<b><u>General</u></b> <b><u>Funds</u></b>	<b><u>Special</u></b> <b><u>Funds</u></b>
BPW Capital: School Safety Capital Grants	\$10,000,000	
IAC: Public School Statewide Facilities Assessment	4,900,000	
MSDE: Learning in Extended Academic Programs	4,500,000	
MDH: Opioid Funding	2,500,000	
SHA: Capital Transportation Grants to Counties		\$2,097,519
MHEC: Shady Grove Educational Programs		2,000,000
MSDE: School Safety Operating Grants	1,000,000	
MSDE: Nonprofit Programming During the School Day	500,000	
Commerce: Baltimore Symphony Orchestra		650,000
Commerce: Maryland Academy of Sciences		450,000
Commerce: BARCO Playhouse Theater		200,000
MDH: Continuing Medical Education Courses		150,000
Commerce: PACT: Helping Children with Special Needs		100,000
Commerce: Habitat for Humanity of the Chesapeake		100,000
Commerce: Chesapeake Shakespeare Company		75,000
Commerce: Community Services for Autistic Adults		75,000
MDA: Emerald Ash Borer	50,000	
Commerce: Maryland Theater Association, Inc.		50,000
Commerce: Delmarva Community Services		50,000
<b>Total</b>	<b>\$23,450,000</b>	<b>\$5,997,519</b>

BPW: Board of Public Works  
IAC: Interagency Committee on School Construction  
MDA: Maryland Department of Agriculture  
MDH: Maryland Department of Health  
MHEC: Maryland Higher Education Commission  
MSDE: Maryland Department of Education  
SHA: State Highway Administration

Source: Department of Legislative Services

## **By the Numbers**

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

**Exhibit A-1.16**, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through three supplemental budgets, legislative reductions, and final appropriations for fiscal 2018 and 2019 by fund source. The Governor's original request provided for \$44.8 billion in fiscal 2019 expenditures (after including special funds that will be added back to the budget that are related to contingent general fund reductions) and \$134 million in fiscal 2018 deficiencies.

The Governor added \$11.9 million in fiscal 2018 spending in two supplemental budgets. Net of legislative reductions of \$17.2 million, the fiscal 2018 appropriation is \$43.6 billion. The fiscal 2019 budget was increased by \$34.2 million through three supplemental budgets offset by net legislative reductions totaling \$317.6 million. This resulted in a final appropriation of \$44.6 billion.

**Exhibit A-1.17** illustrates budget changes by major expenditure category by fund. Total spending increases by \$981.4 million, or 2.3%. Debt service grows by \$60.8 million, or 3.9%, based on the issuance of GO and transportation debt. Aid to local government increases by \$181.2 million, or 2.1%, largely due to formula-based education aid. Increases are also provided for transportation capital grants and POS. Entitlements grow by \$105.2 million, or 0.8%, driven by annualization of a Medicaid provider rate increase and alignment of prescription drug rebates, offset by a reduction in TCA, TDAP, and Food Supplement Program payments. State agency spending increases by \$431.9 million, or 2.4%, largely due to growth in higher education spending, a 2% general salary increase for State employees, and various increases in agency operations and programs. PAYGO capital expenditures increase by \$159.9 million, or 5.4%, chiefly for highway and transit transportation projects, POS, environmental programs, the Capital Region Medical Center, school safety, and other capital purposes.

**Exhibit A-1.16**  
**Fiscal Note – Summary of the Fiscal 2019 Budget Bill – *Senate Bill 185***

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
<b>Governor’s Allowance</b>					
Fiscal 2018 Budget	\$17,145,229,210	\$8,873,999,538	\$13,127,075,610	\$4,440,895,144	\$43,587,199,502 <sup>(1)</sup>
Fiscal 2019 Budget	18,148,448,738	9,082,682,740	13,084,552,112	4,531,117,954	44,846,801,544 <sup>(2)</sup>
<b>Supplemental Budgets</b>					
Fiscal 2018 Deficiencies	\$8,835,329	\$3,100,000	\$0	\$0	\$11,935,329
Fiscal 2019 Budget	24,868,630	6,470,380	2,875,000	0	34,214,010
<b>Subtotal</b>	<b>\$33,703,959</b>	<b>\$9,570,380</b>	<b>\$2,875,000</b>	<b>\$0</b>	<b>\$46,149,339</b>
<b>Budget Reconciliation and Financing Act of 2018</b>					
Fiscal 2018 Deficiencies	-\$5,471,673	\$0	-\$2,992,320	\$0	-\$8,463,993
Fiscal 2019 Budget	-274,648,168	5,271,149	-4,641,981	0	-274,019,000
<b>Total Reductions</b>	<b>-\$280,119,841</b>	<b>\$5,271,149</b>	<b>-\$7,634,301</b>	<b>\$0</b>	<b>-\$282,482,993</b>
<b>Legislative Reductions</b>					
Fiscal 2018 Deficiencies	-\$17,722,615	\$9,031,117 <sup>(3)</sup>	\$0	\$0	-\$8,691,498
Fiscal 2019 Budget	-24,755,038 <sup>(4)</sup>	-36,108,387 <sup>(5)</sup>	17,254,447 <sup>(6)</sup>	0	43,608,978
<b>Total Reductions</b>	<b>-\$42,477,653</b>	<b>-\$27,077,270</b>	<b>\$17,254,447</b>	<b>\$0</b>	<b>-\$52,300,476</b>
<b>Appropriations</b>					
Fiscal 2018 Budget	\$17,130,870,251	\$8,886,130,655	\$13,124,083,290	\$4,440,895,144	\$43,581,979,340
Fiscal 2019 Budget	17,873,914,162	9,058,315,882	13,100,039,578	4,531,117,954	44,563,387,576
<b>Change</b>	<b>\$743,043,911</b>	<b>\$172,185,227</b>	<b>-\$24,043,712</b>	<b>\$90,222,810</b>	<b>\$981,408,236</b>

<sup>(1)</sup> Reflects \$134 million in proposed deficiencies, including \$107.4 million in general funds, -\$57.6 million in special funds, \$85.7 million in federal funds, and -\$1.5 million in current unrestricted funds. Reversion assumptions total \$87 million in general funds, including \$35 million in unspecified reversions, \$52 million in targeted reversions. There is also an across-the-board reduction in overbudgeted health insurance reflected in these totals, including \$54.5 million in general funds, \$14.8 million in special funds, and \$9.3 million in federal funds.

<sup>(2)</sup> Assumes \$35 million in unspecified reversions.

<sup>(3)</sup> Includes \$9.4 million in additional special fund spending due to funding swaps.

<sup>(4)</sup> Includes a \$1.3 million fund reduction contingent on legislation to create a nondepository special fund in the Department of Labor, Licensing, and Regulation, and \$1.4 million contingent on [House Bill 187](#).

<sup>(5)</sup> Includes \$16.1 million in additional special fund spending due to funding swaps, less \$4.9 million contingent on [Senate Bill 899](#).

<sup>(6)</sup> Includes \$18 million in additional federal fund spending to match restricted funds for provider rate increases in the Revenue Stabilization Account, less \$0.5 million contingent on [Senate Bill 899](#).

**Exhibit A-1.17**  
**State Expenditures – General Funds**  
**Fiscal 2017-2019**  
**(\$ in Millions)**

<b>Category</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>	
	<b>Actual</b>	<b>Working Approp.</b>	<b>Legislative Approp.</b>	<b>\$ Change</b>	<b>% Change</b>
Debt Service	\$259.4	\$259.6	\$286.0	\$26.4	10.1%
County/Municipal	\$260.8	\$274.7	\$279.7	\$5.0	1.8%
Community Colleges	313.5	317.7	322.4	4.7	1.5%
Education/Libraries	5,925.2	5,978.4	6,122.0	143.6	2.4%
Health	49.5	51.1	51.4	0.3	0.6%
<b>Aid to Local Governments</b>	<b>\$6,548.9</b>	<b>\$6,621.8</b>	<b>\$6,775.4</b>	<b>\$153.6</b>	<b>2.3%</b>
Foster Care Payments	\$190.5	\$184.5	\$188.1	\$3.7	2.0%
Assistance Payments	64.5	59.6	45.4	-14.2	-23.9%
Medical Assistance	2,989.1	3,198.1	3,400.1	202.0	6.3%
Property Tax Credits	78.0	89.6	90.6	1.0	1.1%
<b>Entitlements</b>	<b>\$3,322.1</b>	<b>\$3,531.7</b>	<b>\$3,724.2</b>	<b>\$192.5</b>	<b>5.5%</b>
Health	\$1,352.0	\$1,426.5	\$1,481.9	\$55.4	3.9%
Human Resources	393.9	369.4	374.4	5.0	1.3%
Children's Cabinet Interagency Fund	16.6	18.5	18.5	0.0	-0.1%
Juvenile Services	270.0	265.2	265.5	0.4	0.1%
Public Safety/Police	1,513.6	1,475.6	1,523.8	48.2	3.3%
Higher Education	1,422.2	1,432.6	1,495.3	62.6	4.4%
Other Education	411.1	424.8	443.1	18.3	4.3%
Agriculture/Natural Res./Environment	119.3	119.9	125.8	6.0	5.0%
Other Executive Agencies	687.0	668.4	758.6	90.1	13.5%
Judiciary	479.6	485.8	510.7	24.9	5.1%
Legislative	89.2	89.3	91.8	2.4	2.7%
Across-the-board Cuts	0.0	0.0	-34.9	-34.9	n/a
<b>State Agencies</b>	<b>\$6,754.3</b>	<b>\$6,776.1</b>	<b>\$7,054.5</b>	<b>\$278.3</b>	<b>4.1%</b>
<b>Total Operating</b>	<b>\$16,884.7</b>	<b>\$17,189.4</b>	<b>\$17,840.1</b>	<b>\$650.7</b>	<b>3.8%</b>
Capital <sup>(1)</sup>	\$62.3	\$9.5	\$59.5	\$50.0	526.1%
<b>Subtotal</b>	<b>\$16,947.0</b>	<b>\$17,198.9</b>	<b>\$17,899.6</b>	<b>\$700.7</b>	<b>4.1%</b>
Reserve Funds	\$155.4	\$10.0	\$9.3	-\$0.7	-6.5%
<b>Appropriations</b>	<b>\$17,102.4</b>	<b>\$17,208.9</b>	<b>\$17,908.9</b>	<b>\$700.0</b>	<b>4.1%</b>
Reversions	\$0.0	-\$78.0	-\$35.0	\$43.0	-55.1%
<b>Grand Total</b>	<b>\$17,102.4</b>	<b>\$17,130.9</b>	<b>\$17,873.9</b>	<b>\$743.0</b>	<b>4.3%</b>

<sup>(1)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes \$52 million in targeted reversions, \$116.3 million in deficiencies and legislative reductions to the deficiencies including \$5.5 million in reductions contingent on [Senate Bill 187](#), the Budget Reconciliation and Financing Act (BRFA) of 2018. The fiscal 2019 legislative appropriation reflects \$274.6 million in reductions contingent on the BRFA of 2018, \$1.2 million contingent on [Senate Bill 6/House Bill 187](#), and \$1.4 million contingent on [Senate Bill 899](#). The legislature reduced the budget by an additional \$69.9 million but provided authorization for those funds to be used for a variety of purposes. However spending the \$69.9 million is at the discretion of the Governor.

**Exhibit A-1.17 (Continued)**  
**State Expenditures – Special and Higher Education Funds\***  
**Fiscal 2017-2019**  
**(\$ in Millions)**

<u>Category</u>	2017	2018	2019	2018-2019	
	<u>Actual</u>	<u>Working Approp.</u>	<u>Legislative Approp.</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,207.7	\$1,304.6	\$1,337.8	\$33.2	2.5%
County/Municipal	\$338.4	\$399.5	\$433.6	\$34.1	8.5%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	474.6	475.8	503.5	27.7	5.8%
Health	0.0	0.0	0.0	0.0	n/a
<b><i>Aid to Local Governments</i></b>	<b><i>\$813.0</i></b>	<b><i>\$875.3</i></b>	<b><i>\$937.1</i></b>	<b><i>\$61.8</i></b>	<b><i>7.1%</i></b>
Foster Care Payments	\$4.5	\$4.3	\$4.3	\$0.0	-0.5%
Assistance Payments	12.0	12.5	10.1	-2.4	-19.2%
Medical Assistance	963.7	991.4	950.0	-41.4	-4.2%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<b><i>Entitlements</i></b>	<b><i>\$980.1</i></b>	<b><i>\$1,008.2</i></b>	<b><i>\$964.4</i></b>	<b><i>-\$43.8</i></b>	<b><i>-4.3%</i></b>
Health	\$407.0	\$472.6	\$429.8	-\$42.8	-9.0%
Human Resources	88.8	83.4	82.6	-0.7	-0.9%
Children’s Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.8	3.2	3.6	0.4	11.6%
Public Safety/Police	211.9	221.7	218.7	-3.0	-1.3%
Higher Education	4,288.9	4,512.4	4,608.3	95.9	2.1%
Other Education	64.9	70.7	70.8	0.1	0.2%
Transportation	1,846.0	1,905.1	1,955.8	50.6	2.7%
Agriculture/Natural Res./Environment	268.2	293.3	294.7	1.3	0.5%
Other Executive Agencies	606.2	693.9	722.6	28.8	4.1%
Judiciary	51.7	66.0	62.2	-3.8	-5.7%
Legislative	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	-7.7	-7.7	n/a
<b><i>State Agencies</i></b>	<b><i>\$7,837.2</i></b>	<b><i>\$8,322.2</i></b>	<b><i>\$8,441.4</i></b>	<b><i>\$119.2</i></b>	<b><i>1.4%</i></b>
<b>Total Operating</b>	<b>\$10,838.0</b>	<b>\$11,510.4</b>	<b>\$11,680.8</b>	<b>\$170.4</b>	<b>1.5%</b>
Capital	\$1,981.3	\$1,816.6	\$1,908.7	\$92.0	5.1%
Transportation	1,675.2	1,481.0	1,497.7	16.7	1.1%
Environment	210.1	187.1	220.3	33.2	17.7%
Other	96.1	148.6	190.7	42.1	28.4%
<b>Grand Total</b>	<b>\$12,819.3</b>	<b>\$13,327.0</b>	<b>\$13,589.4</b>	<b>\$262.4</b>	<b>2.0%</b>

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

Note: The fiscal 2018 working appropriation reflects \$9.4 million in additional special fund spending due to funding swaps, deficiencies of -\$56 million, and legislative cuts to the deficiencies including \$0.1 million that is contingent on [Senate Bill 187](#), the Budget Reconciliation and Financing Act (BRFA) of 2018. The fiscal 2019 legislative appropriation reflects \$7.7 million in reductions contingent on the BRFA of 2018, \$4.9 million contingent on [Senate Bill 899](#), and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$2.2 million but provided authorization for those funds to be used for a variety of purposes. However spending the \$2.2 million is at the discretion of the Governor.

**Exhibit A-1.17 (Continued)**  
**State Expenditures – Federal Funds**  
**Fiscal 2017-2019**  
**(\$ in Millions)**

<u>Category</u>	2017	2018	2019	2018-2019	
	<u>Actual</u>	<u>Working Approp.</u>	<u>Legislative Approp.</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$11.5	\$12.8	\$1.3	11.2%
County/Municipal	\$75.3	\$72.4	\$65.9	-6.5	-9.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	853.5	993.3	970.1	-23.2	-2.3%
Health	3.8	4.5	0.0	-4.5	-100.0%
<b><i>Aid to Local Governments</i></b>	<b><i>\$932.6</i></b>	<b><i>\$1,070.1</i></b>	<b><i>\$1,036.0</i></b>	<b><i>-\$34.2</i></b>	<b><i>3.2%</i></b>
Foster Care Payments	\$70.6	\$73.8	\$68.8	-\$5.1	-6.8%
Assistance Payments	1,099.6	1,196.4	1,102.6	-93.8	-7.8%
Medical Assistance	6,601.7	7,003.9	7,059.3	55.3	0.8%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<b><i>Entitlements</i></b>	<b><i>\$7,771.9</i></b>	<b><i>\$8,274.2</i></b>	<b><i>\$8,230.7</i></b>	<b><i>-\$43.5</i></b>	<b><i>-0.5%</i></b>
Health	\$930.4	\$996.2	\$1,076.8	\$80.6	8.1%
Human Resources	494.0	553.0	554.4	1.4	0.2%
Children’s Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	5.0	4.8	5.4	0.6	12.6%
Public Safety/Police	32.9	40.3	36.8	-3.5	-8.8%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	211.3	270.9	265.4	-5.4	-2.0%
Transportation	94.5	97.4	98.5	1.1	1.1%
Agriculture/Natural Res./Environment	61.0	67.0	68.4	1.4	2.1%
Other Executive Agencies	622.8	622.5	586.4	-36.2	-5.8%
Judiciary	0.7	1.1	0.2	-0.9	-84.0%
Across-the-board Cuts	0.0	0.0	-4.6	-4.6	n/a
<b><i>State Agencies</i></b>	<b><i>\$2,452.6</i></b>	<b><i>\$2,653.2</i></b>	<b><i>\$2,687.6</i></b>	<b><i>\$34.4</i></b>	<b><i>1.3%</i></b>
<b>Total Operating</b>	<b>\$11,168.6</b>	<b>\$12,009.0</b>	<b>\$11,967.0</b>	<b>-\$41.9</b>	<b>-0.3%</b>
Capital	\$852.7	\$1,115.1	\$1,133.0	\$17.9	1.6%
Transportation	782.9	1,005.9	1,063.2	57.3	5.7%
Environment	44.0	42.6	43.3	0.7	1.6%
Other	25.7	66.6	26.5	-40.0	-60.1%
<b>Grand Total</b>	<b>\$12,021.3</b>	<b>\$13,124.1</b>	<b>\$13,100.0</b>	<b>-\$24.0</b>	<b>-0.2%</b>

Note: The fiscal 2018 working appropriation includes \$85.7 million in deficiencies and legislative cuts to the deficiencies including \$3 million that is contingent on *Senate Bill 187*, the Budget Reconciliation and Financing Act (BRFA) of 2018. The fiscal 2019 legislative appropriation reflects \$4.6 million in reductions contingent on the BRFA of 2018, \$0.5 million contingent on *Senate Bill 899*, and \$18 million in additional federal fund spending tied to additional general fund spending in Medicaid and Juvenile Services. The general fund spending is at the discretion of the Governor.

**Exhibit A-1.17 (Continued)**  
**State Expenditures – State Funds**  
**Fiscal 2017-2019**  
**(\$ in Millions)**

<u>Category</u>	<u>2017 Actual</u>	<u>2018 Working Approp.</u>	<u>2019 Legislative Approp.</u>	<u>2018-2019 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,467.1	\$1,564.3	\$1,623.8	\$59.5	3.8%
County/Municipal	\$599.2	\$674.2	\$713.3	\$39.1	5.8%
Community Colleges	313.5	317.7	322.4	4.7	1.5%
Education/Libraries	6,399.8	6,454.2	6,625.5	171.3	2.7%
Health	49.5	51.1	51.4	0.3	0.6%
<b>Aid to Local Governments</b>	<b>\$7,361.9</b>	<b>\$7,497.1</b>	<b>\$7,712.5</b>	<b>\$215.4</b>	<b>2.9%</b>
Foster Care Payments	\$194.9	\$188.8	\$192.5	\$3.7	1.9%
Assistance Payments	76.5	72.1	55.5	-16.6	-23.1%
Medical Assistance	3,952.8	4,189.5	4,350.1	160.6	3.8%
Property Tax Credits	78.0	89.6	90.6	1.0	1.1%
<b>Entitlements</b>	<b>\$4,302.2</b>	<b>\$4,540.0</b>	<b>\$4,688.6</b>	<b>\$148.7</b>	<b>3.3%</b>
Health	\$1,759.0	\$1,899.1	\$1,911.7	\$12.6	0.7%
Human Resources	482.6	452.8	457.0	4.2	0.9%
Children’s Cabinet Interagency Fund	16.6	18.5	18.5	0.0	-0.1%
Juvenile Services	273.8	268.4	269.1	0.7	0.3%
Public Safety/Police	1,725.5	1,697.2	1,742.5	45.3	2.7%
Higher Education	5,711.0	5,945.0	6,103.6	158.6	2.7%
Other Education	475.9	495.5	513.9	18.4	3.7%
Transportation	1,846.0	1,905.1	1,955.8	50.6	2.7%
Agriculture/Natural Res./Environment	387.5	413.2	420.5	7.3	1.8%
Other Executive Agencies	1,293.2	1,362.3	1,481.2	118.9	8.7%
Judiciary	531.3	551.8	572.9	21.1	3.8%
Legislative	89.2	89.3	91.8	2.4	2.7%
Across-the-board Cuts	0.0	0.0	-42.7	-42.7	n/a
<b>State Agencies</b>	<b>\$14,591.5</b>	<b>\$15,098.4</b>	<b>\$15,495.9</b>	<b>\$397.5</b>	<b>2.6%</b>
<b>Total Operating</b>	<b>\$27,722.7</b>	<b>\$28,699.8</b>	<b>\$29,520.9</b>	<b>\$821.1</b>	<b>2.9%</b>
Capital <sup>(1)</sup>	\$2,043.6	\$1,826.1	\$1,968.1	\$142.0	7.8%
Transportation	1,675.2	1,481.0	1,497.7	16.7	1.1%
Environment	210.3	187.6	220.8	33.2	17.7%
Other	158.2	157.6	249.7	92.1	58.5%
<b>Subtotal</b>	<b>\$29,766.3</b>	<b>\$30,525.9</b>	<b>\$31,489.0</b>	<b>\$963.1</b>	<b>3.2%</b>
Reserve Funds	\$155.4	\$10.0	\$9.3	-\$0.7	-6.5%
<b>Appropriations</b>	<b>\$29,921.7</b>	<b>\$30,535.9</b>	<b>\$31,498.3</b>	<b>\$962.5</b>	<b>3.2%</b>
Reversions	\$0.0	-\$78.0	-\$35.0	\$43.0	-55.1%
<b>Grand Total</b>	<b>\$29,921.7</b>	<b>\$30,457.9</b>	<b>\$31,463.3</b>	<b>\$1,005.5</b>	<b>3.3%</b>

<sup>(1)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes \$52 million in targeted reversions, \$9.4 million in additional special fund spending due to funding swaps, \$60.2 million in deficiencies, and legislative cuts to the deficiencies including \$5.6 million in reductions contingent on [Senate Bill 187](#), the Budget Reconciliation and Financing Act (BRFA) of 2018. The fiscal 2019 legislative appropriation reflects \$282.4 million in reductions contingent on the BRFA, \$1.2 million contingent on [Senate Bill 6/House Bill 187](#), \$6.3 million contingent on [Senate Bill 899](#), and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$72.1 million but provided authorization for those funds to be used for a variety of purposes. However spending the \$72.1 million is at the discretion of the Governor.

**Exhibit A-1.17 (Continued)**  
**State Expenditures – All Funds**  
**Fiscal 2017-2019**  
**(\$ in Millions)**

<u>Category</u>	2017	2018	2019	2018-2019	
	<u>Actual</u>	<u>Working</u> <u>Approp.</u>	<u>Legislative</u> <u>Approp.</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,478.6	\$1,575.8	\$1,636.6	\$60.8	3.9%
County/Municipal	\$674.5	\$746.5	\$779.1	\$32.6	4.4%
Community Colleges	313.5	317.7	322.4	4.7	1.5%
Education/Libraries	7,253.3	7,447.5	7,595.6	148.1	2.0%
Health	53.3	55.6	51.4	-4.2	-7.6%
<b><i>Aid to Local Governments</i></b>	<b><i>\$8,294.6</i></b>	<b><i>\$8,567.3</i></b>	<b><i>\$8,748.5</i></b>	<b><i>\$181.2</i></b>	<b><i>2.1%</i></b>
Foster Care Payments	\$265.5	\$262.6	\$261.2	-\$1.4	-0.5%
Assistance Payments	1,176.0	1,268.5	1,158.0	-110.4	-8.7%
Medical Assistance	10,554.5	11,193.4	11,409.4	216.0	1.9%
Property Tax Credits	78.0	89.6	90.6	1.0	1.1%
<b><i>Entitlements</i></b>	<b><i>\$12,074.1</i></b>	<b><i>\$12,814.1</i></b>	<b><i>\$12,919.3</i></b>	<b><i>\$105.2</i></b>	<b><i>0.8%</i></b>
Health	\$2,689.4	\$2,895.3	\$2,988.5	\$93.2	3.2%
Human Resources	976.6	1,005.8	1,011.4	5.6	0.6%
Children's Cabinet Interagency Fund	16.6	18.5	18.5	0.0	-0.1%
Juvenile Services	278.8	273.2	274.5	1.3	0.5%
Public Safety/Police	1,758.3	1,737.6	1,779.3	41.7	2.4%
Higher Education	5,711.0	5,945.0	6,103.6	158.6	2.7%
Other Education	687.2	766.4	779.3	13.0	1.7%
Transportation	1,940.5	2,002.5	2,054.3	51.7	2.6%
Agriculture/Natural Res./Environment	448.5	480.2	488.9	8.7	1.8%
Other Executive Agencies	1,916.0	1,984.8	2,067.5	82.7	4.2%
Judiciary	532.0	552.9	573.1	20.2	3.7%
Legislative	89.2	89.3	91.8	2.4	2.7%
Across-the-board Cuts	0.0	0.0	-47.3	-47.3	n/a
<b><i>State Agencies</i></b>	<b><i>\$17,044.0</i></b>	<b><i>\$17,751.5</i></b>	<b><i>\$18,183.4</i></b>	<b><i>\$431.9</i></b>	<b><i>2.4%</i></b>
<b>Total Operating</b>	<b>\$38,891.3</b>	<b>\$40,708.7</b>	<b>\$41,487.9</b>	<b>\$779.1</b>	<b>1.9%</b>
Capital <sup>(1)</sup>	\$2,896.3	\$2,941.2	\$3,101.2	\$159.9	5.4%
Transportation	2,458.1	2,486.9	2,560.9	74.0	3.0%
Environment	254.3	230.2	264.1	33.9	14.7%
Other	183.9	224.1	276.2	52.0	23.2%
<b><i>Subtotal</i></b>	<b><i>\$41,787.6</i></b>	<b><i>\$43,650.0</i></b>	<b><i>\$44,589.0</i></b>	<b><i>\$939.1</i></b>	<b><i>2.2%</i></b>
Reserve Funds	\$155.4	\$10.0	\$9.3	-\$0.7	-6.5%
<b>Appropriations</b>	<b>\$41,943.0</b>	<b>\$43,660.0</b>	<b>\$44,598.4</b>	<b>\$938.4</b>	<b>2.1%</b>
Reversions	\$0.0	-\$78.0	-\$35.0	\$43.0	-55.1%
<b>Grand Total</b>	<b>\$41,943.0</b>	<b>\$43,582.0</b>	<b>\$44,563.4</b>	<b>\$981.4</b>	<b>2.3%</b>

<sup>(1)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes \$52 million in targeted reversions, \$9.4 million in additional special fund spending due to funding swaps, \$145.9 million in deficiencies, and legislative cuts to the deficiencies totaling \$8.6 million in reductions contingent on [Senate Bill 187](#), the Budget Reconciliation and Financing Act (BRFA) of 2018. The fiscal 2019 legislative appropriation reflects \$287 million in reductions contingent on the BRFA of 2018, \$1.2 million contingent on [Senate Bill 6/House Bill 187](#), \$6.8 million contingent on [Senate Bill 899](#), and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$72.1 million but provided authorization for those funds to be used for a variety of purposes. However spending the \$72.1 million (plus matching federal funds of \$18 million) is at the discretion of the Governor.

## Capital Budget

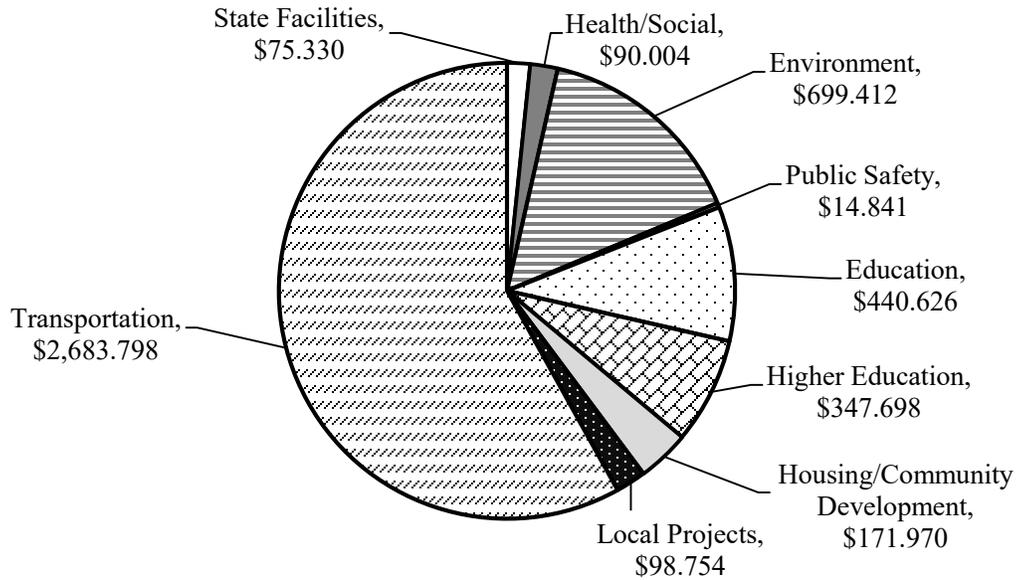
The General Assembly passed a fiscal 2019 capital program totaling \$4.622 billion, including \$2.684 billion for the transportation program but excluding deficiencies that affect fiscal 2018. Apart from transportation, the program totals \$1.938.6 billion: \$1.091 billion is funded with general obligation (GO) bonds authorized in *Senate Bill 186 (Ch. 9)*, the Maryland Consolidated Capital Bond Loan (MCCBL) of 2018; \$605.5 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; \$68.0 million is funded with attained and estimated bond premium proceeds; \$24.0 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland facilities authorized in *Senate Bill 1064 (passed)*; and \$150.0 million is funded through revenue bonds to be issued by the Maryland Department of the Environment (MDE) to fund various drinking and water quality infrastructure projects.

**Exhibit A-2.1** provides a summary of the capital program by uses and sources, **Exhibit A-2.2** presents an overview of the State’s capital program for fiscal 2019, **Exhibit A-2.3** provides a detailed list of capital projects and programs by function and fund source, and **Exhibit A-2.4** provides the individual legislative initiative projects funded in the MCCBL of 2018. The MCCBL of 2018 includes funding for:

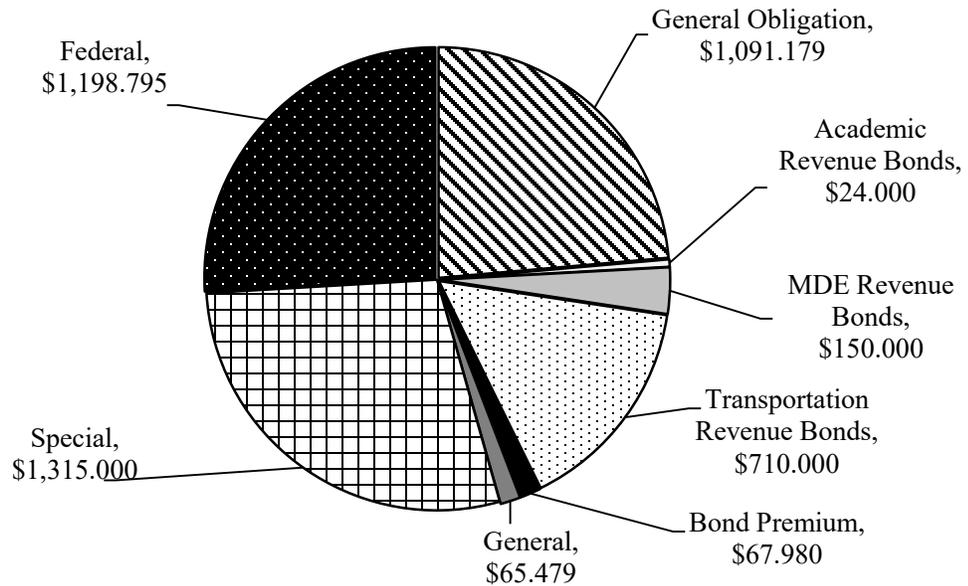
- State facilities, including colleges and universities, correctional facilities, Military Department facilities, and the public safety communication system;
- grants to local governments for public school construction, community college facilities, and local detention centers;
- health and social services facilities, such as hospitals, 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 and Tobacco Transition programs, and drinking and stormwater programs; and
- local projects and legislative initiatives.

**Exhibit A-2.1**  
**Fiscal 2019 Capital Program Uses and Sources**  
 (\$ in Millions)

**Uses**



**Sources**



MDE: Maryland Department of the Environment

**Exhibit A-2.2**  
**Capital Program Summary for the 2018 Session**  
(\$ in Millions)

<b>Function</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total</b>
	<b>General Obligation</b>	<b>Revenue</b>	<b>Bond Premium</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
<b>State Facilities</b>							<b>\$75.3</b>
Facilities Renewal	\$27.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
State Facilities Other	42.9	0.0	0.0	0.0	0.0	4.8	
<b>Health/Social</b>							<b>\$90.0</b>
Health Other	\$9.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Health State Facilities	0.4	0.0	0.0	0.0	0.0	0.0	
Private Hospitals	49.0	0.0	0.0	31.0	0.0	0.0	
<b>Environment</b>							<b>\$699.4</b>
Agriculture	\$13.5	\$0.0	\$0.0	\$0.0	\$50.0	\$0.0	
Energy	0.0	0.0	0.0	0.0	2.1	0.0	
Environment	22.7	150.0	0.0	0.5	220.3	43.3	
Maryland Environmental Service	9.6	0.0	0.0	0.0	0.0	0.0	
Natural Resources	12.5	0.0	0.0	6.0	163.6	5.5	
<b>Public Safety</b>							<b>\$14.8</b>
Local Jails	\$7.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
State Corrections	5.2	0.0	0.0	0.0	0.0	0.0	
State Police	2.3	0.0	0.0	0.0	0.0	0.0	
<b>Education</b>							<b>\$440.6</b>
Education Other	\$10.4	\$0.0	\$3.5	\$0.0	\$0.0	\$0.0	
School Construction	391.7	0.0	25.0	10.0	0.0	0.0	
<b>Higher Education</b>							<b>\$347.7</b>
Community Colleges	\$60.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Morgan State Univ.	46.5	0.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	12.0	0.0	0.0	0.0	0.0	0.0	
St. Mary's College	6.0	0.0	0.0	0.0	0.0	0.0	
University System	185.7	24.0	13.0	0.0	0.0	0.0	

<u>Function</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
<b>Housing and Community Development</b>							<b>\$172.0</b>
Housing	\$69.8	\$0.0	\$25.0	\$9.0	\$33.5	\$16.2	
Housing Other	9.3	0.0	0.0	8.9	0.3	0.0	
<b>Local Projects</b>							<b>\$98.8</b>
Local Project Administration	\$21.1	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	
Local Project Legislative*	75.6	0.0	1.5	0.0	0.5	0.0	
<b>De-authorizations</b>							<b>-\$16.2</b>
De-authorizations	-\$5.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
De-authorizations Other	-11.0	0.0	0.0	0.0	0.0	0.0	
<b>Total</b>	<b>\$1,075.0</b>	<b>\$174.0</b>	<b>\$68.0</b>	<b>\$65.5</b>	<b>\$470.2</b>	<b>\$69.8</b>	<b>\$1,922.5</b>
<b>Fiscal 2018 Deficiencies</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$3.2</b>	<b>\$3.2</b>
<b>Transportation CTP</b>	<b>\$0.0</b>	<b>\$710.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$844.9</b>	<b>\$1,128.9</b>	<b>\$2,683.8</b>
<b>Grand Total **</b>	<b>\$1,091.2</b>	<b>\$884.0</b>	<b>\$68.0</b>	<b>\$65.5</b>	<b>\$1,315.0</b>	<b>\$1,202.0</b>	<b>\$4,625.7</b>

CTP: Consolidated Transportation Program

PAYGO: pay-as-you-go

\* Includes \$44.9 million of initiatives originally proposed as bond bills and \$30.7 million of other projects added by the General Assembly.

\*\* The general obligation bond total reflects the amount of general obligation bonds authorized in the Maryland Consolidated Capital Bond Loan of 2018 after accounting for the \$16.2 million de-authorization of prior authorized funds included in the bill.

**Exhibit A-2.3  
Capital Program for the 2018 Session**

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Bond Premium</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
	<b>State Facilities</b>							
D55P00	DVA: Cheltenham Veterans Cemetery	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$2,000,000
DE0201D	BPW: Department of Legislative Services Building	2,000,000	0	0	0	0	0	2,000,000
DE0201A	BPW: Facilities Renewal Program	20,586,000	0	0	0	0	0	20,586,000
DE0201B	BPW: Annapolis Post Office	8,209,000	0	0	0	0	0	8,209,000
DE0201C	BPW: Lawyer’s Mall Underground Infrastructure	5,000,000	0	0	0	0	0	5,000,000
DE0201E	BPW: Harriet Tubman and Frederick Douglass Statues	500,000	0	0	0	0	0	500,000
DE0211A	BPW: New Catonsville District Court	12,019,000	0	0	0	0	0	12,019,000
DE0211B	BPW: Shillman Building Conversion	985,000	0	0	0	0	0	985,000
DH0104A	MD: Freedom Readiness Center	9,428,000	0	0	0	0	0	9,428,000
FB04A	DoIT: Public Safety Communication System	10,500,000	0	0	0	0	0	10,500,000
RP00A	MPBC: Maryland Public Television Transmission Systems Replacement	1,156,000	0	0	0	0	2,847,000	4,003,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Bond Premium</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
RP00B	MPBC: Studio A Renovation and Addition	100,000	0	0	0	0	0	100,000
	<b>Subtotal</b>	<b>\$70,483,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,847,000</b>	<b>\$75,330,000</b>
	<b>Health/Social</b>							
DA07A	MDOA: Senior Centers Capital Grant Program	\$1,600,000	\$0	\$0	\$0	\$0	\$0	\$1,600,000
MA01A	MDH: Community Health Facilities Grant Program	5,529,000	0	0	0	0	0	5,529,000
MA01B	MDH: Federally Qualified Health Centers Grant Program	2,500,000	0	0	0	0	0	2,500,000
ML10A	MDH: Clifton T. Perkins Hospital North Wing Renovations	375,000	0	0	0	0	0	375,000
RQ00A	UMMS: Capital Region Medical Center	19,000,000	0	0	29,000,000	0	0	48,000,000
RQ00B	UMMS: Neonatal Intensive Care Unit and Outpatient Center Building	10,000,000	0	0	0	0	0	10,000,000
RQ00C	UMMS: R Adams Cowley Shock Trauma Center Phase II	2,000,000	0	0	0	0	0	2,000,000
RQ00D	UMMS: Comprehensive Cancer Treatment and Organ Transplant Center	2,500,000	0	0	0	0	0	2,500,000
ZA00U	MISC: Johns Hopkins University Maryland Center for Cell Therapy Manufacturing	5,000,000	0	0	0	0	0	5,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
ZA00V	MISC: Kennedy Krieger Institute Comprehensive Autism Center	1,000,000	0	0	0	0	0	1,000,000
ZA00AC	MISC: MedStar Franklin Square Hospital	4,000,000	0	0	2,000,000	0	0	6,000,000
ZA01A	MISC: Atlantic General Hospital Corporation	1,303,000	0	0	0	0	0	1,303,000
ZA01B	MISC: Calvert Health System	1,727,000	0	0	0	0	0	1,727,000
ZA01C	MISC: Holy Cross Health, Inc.	500,000	0	0	0	0	0	500,000
ZA01D	MISC: Howard County General Hospital, Inc.	220,000	0	0	0	0	0	220,000
ZA01E	MISC: MedStar Good Samaritan Hospital	1,000,000	0	0	0	0	0	1,000,000
ZA01F	MISC: Mt. Washington Pediatric Hospital, Inc.	750,000	0	0	0	0	0	750,000
	<b>Subtotal</b>	<b>\$59,004,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,004,000</b>
	<b>Environment</b>							
DA1302	MEA: Jane E. Lawton Program	\$0	\$0	\$0	\$0	\$850,000	\$0	\$850,000
DA1303	MEA: State Agency Loan Program	0	0	0	0	1,200,000	0	1,200,000
KA0510A	DNR: Natural Resources Development Fund	0	0	0	0	14,756,000	0	14,756,000
KA0510B	DNR: Critical Maintenance Program	0	0	0	6,000,000	7,000,000	0	13,000,000
KA0510C	DNR: Program Open Space – State	0	0	0	0	54,032,004	3,000,000	57,032,004

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
KA0510D	DNR: Program Open Space – Local	0	0	0	0	53,287,825	0	53,287,825
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	5,000,000	0	0	0	20,017,704	0	25,017,704
KA0906A	DNR: Ocean City Beach Maintenance	0	0	0	0	2,000,000	0	2,000,000
KA1401A	DNR: Waterway Improvement Program	0	0	0	0	12,500,000	2,500,000	15,000,000
KA1402A	DNR: Coastal Resiliency Program	4,725,000	0	0	0	0	0	4,725,000
KA1701A	DNR: Oyster Restoration Program	270,000	0	0	0	0	0	270,000
LA1111A	MDA: Agricultural Land Preservation Program	0	0	0	0	48,976,142	0	48,976,142
LA1205A	MDA: Salisbury Animal Health Laboratory Replacement	4,975,000	0	0	0	0	0	4,975,000
LA1213A	MDA: Tobacco Transition Program	0	0	0	0	999,000	0	999,000
LA15A	MDA: Maryland Agricultural Cost-Share Program	8,500,000	0	0	0	0	0	8,500,000
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	0	500,000	0	0	500,000
UA0111	MDE: Bay Restoration Fund	0	0	0	0	70,000,000	0	70,000,000
UA0112	MDE: Bay Restoration Fund Septic System Program	0	0	0	0	15,000,000	0	15,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
UA0114	MDE: Energy Water Infrastructure Program	0	0	0	0	8,000,000	0	8,000,000
UA01A	MDE: Maryland Drinking Water Revolving Loan Program	5,650,000	0	0	0	16,880,000	10,300,000	32,830,000
UA01B	MDE: Maryland Water Quality Revolving Loan Fund	13,200,000	0	150,000,000	0	110,400,000	33,000,000	306,600,000
UA01C	MDE: Mining Remediation Program	500,000	0	0	0	0	0	500,000
UA01D	MDE: Water Supply Financial Assistance Program	3,303,000	0	0	0	0	0	3,303,000
UB00A	MES: Infrastructure Improvement Fund	9,590,000	0	0	0	0	0	9,590,000
	<b>Subtotal</b>	<b>\$58,213,000</b>	<b>\$0</b>	<b>\$150,000,000</b>	<b>\$6,500,000</b>	<b>\$435,898,675</b>	<b>\$48,800,000</b>	<b>\$699,411,675</b>
	<b>Public Safety</b>							
QS0101A	DPSCS: Jessup Regional Electrical Infrastructure Upgrade	\$229,000	\$0	\$0	\$0	\$0	\$0	\$229,000
QT04A	DPSCS: Demolition of Buildings Baltimore City Correctional Complex	4,980,000	0	0	0	0	0	4,980,000
WA01A	DSP: New Cumberland Barrack and Garage	2,300,000	0	0	0	0	0	2,300,000
ZB02A	DPSCS: Anne Arundel County Central Holding and Processing Center	2,035,000	0	0	0	0	0	2,035,000
ZB02B	DPSCS: Calvert County Detention Center Inmate Program Space Addition	500,000	0	0	0	0	0	500,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
ZB02C	DPSCS: Montgomery County Pre-Release Center	1,618,000	0	0	0	0	0	1,618,000
ZB02D	DPSCS: Prince George's County Correctional Center	2,448,000	0	0	0	0	0	2,448,000
ZB02E	DPSCS: St. Mary's County Adult Detention Center Upgrade	731,000	0	0	0	0	0	731,000
	<b>Subtotal</b>	<b>\$14,841,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,841,000</b>
	<b>Education</b>							
DE0202A	BPW: Aging Schools Program	\$6,109,000	\$0	\$0	\$0	\$0	\$0	\$6,109,000
DE0202B	BPW: Public School Construction Program	313,900,000	0	0	0	0	0	313,900,000
DE0202C	BPW: Nonpublic Aging Schools Program	3,500,000	0	0	0	0	0	3,500,000
DE0202D	BPW: Supplemental Capital Grant Program	68,200,000	0	0	0	0	0	68,200,000
D15A0516	GOCCP: Public School Safety Improvements	0	0	0	10,000,000	0	0	10,000,000
Section 14	BPW: Public School Safety Improvements	0	10,000,000	0	0	0	0	10,000,000
Section 14	BPW: Heating, Ventilation and Air Conditioning Improvements	0	15,000,000	0	0	0	0	15,000,000
Section 14	BPW: Nonpublic Schools Safety Improvements	0	3,500,000	0	0	0	0	3,500,000
RA11A	MSLA: Public Library Grant Program	5,000,000	0	0	0	0	0	5,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
RA11B	MSLA: State Library Resource Center	4,831,000	0	0	0	0	0	4,831,000
RE01A	MSD: Veditz Building Renovation	586,000	0	0	0	0	0	586,000
	<b>Subtotal</b>	<b>\$402,126,000</b>	<b>\$28,500,000</b>	<b>\$0</b>	<b>\$10,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$440,626,000</b>
	<b>Higher Education</b>							
RB21A	UMB: Central Electrical Substation and Electrical Infrastructure Upgrade	\$8,564,000	\$0	\$0	\$0	\$0	\$0	\$8,564,000
RB21B	UMB: Maryland Center for Advanced Molecular Analysis	2,500,000	0	0	0	0	0	2,500,000
RB22A	UMCP: A. James Clark Hall New Bioengineering Building	3,608,000	0	0	0	0	0	3,608,000
RB22B	UMCP: Brendan Iribe Center for Computer Science and Innovation	3,900,000	0	0	0	0	0	3,900,000
RB22C	UMCP: New Cole Field House	22,289,000	0	0	0	0	0	22,289,000
RB22D	UMCP: School of Public Policy Building	2,000,000	0	0	0	0	0	2,000,000
RB22E	UMCP: Chemistry Building Wing 1 Replacement	2,700,000	0	0	0	0	0	2,700,000
RB23A	BSU: Campuswide Boiler and Chiller Replacement	1,500,000	0	0	0	0	0	1,500,000
RB24A	TU: Science Facility	45,764,000	12,980,000	2,000,000	0	0	0	60,744,000
RB24B	TU: Towson University – Athletic Fields	3,000,000	0	0	0	0	0	3,000,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
RB26A	FSU: Education Professions and Health Sciences Center	2,000,000	0	0	0	0	0	2,000,000
RB27A	CSU: Percy Julian Building Renovations for the College of Business	1,634,000	0	0	0	0	0	1,634,000
RB31A	UMBC: Interdisciplinary Life Sciences Building	57,799,000	0	5,000,000	0	0	0	62,799,000
RB31B	UMBC: Utility Upgrades and Site Improvements	1,360,000	0	0	0	0	0	1,360,000
RB31C	UMBC: Stadium and Athletic Facility Improvements	4,000,000	0	0	0	0	0	4,000,000
RB36A	USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	23,114,000	0	0	0	0	0	23,114,000
RB36RB	USMO: Capital Facilities Renewal Program	0	0	17,000,000	0	0	0	17,000,000
RC00A	BCCC: Liberty Campus Loop Road and Entrance Improvements	365,000	0	0	0	0	0	365,000
RD00A	SMCM: Academic Building and Auditorium	3,600,000	0	0	0	0	0	3,600,000
RD00B	SMCM: Campus Infrastructure Improvements	2,405,000	0	0	0	0	0	2,405,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Bond Premium</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
RI00A	MHEC: Community College Facilities Grant Program	60,095,000	0	0	0	0	0	60,095,000
RM00A	MSU: New Health and Human Services Building Phase I	461,000	0	0	0	0	0	461,000
RM00B	MSU: New Student Services Support Building	46,060,000	0	0	0	0	0	46,060,000
ZA00X	MICUA: Johns Hopkins University Pinkard Building	4,000,000	0	0	0	0	0	4,000,000
ZA00Y	MICUA: Loyola University Maryland New Academic Building	4,000,000	0	0	0	0	0	4,000,000
ZA00Z	MICUA: Washington College New Academic Building	4,000,000	0	0	0	0	0	4,000,000
	<b>Subtotal</b>	<b>\$310,718,000</b>	<b>\$12,980,000</b>	<b>\$24,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$347,698,000</b>
	<b>Housing and Community Development</b>							
DB01B	HSMCC: Historic St. Mary's Commission Pavilion	\$277,000	\$0	\$0	\$0	\$0	\$0	\$277,000
DB01C	HSMCC: Maryland Dove	2,000,000	0	0	0	0	0	2,000,000
DB01D	HSMCC: Maryland Heritage Interpretive Center	1,000,000	0	0	0	0	0	1,000,000
DB01E	HSMCC: Dove Pier	550,000	0	0	0	0	0	550,000
DW0108A	MDP: Patterson Center Renovations	3,887,000	0	0	0	0	0	3,887,000

Part A – Budget and State Aid

A-57

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
DW01112	MDP: Sustainable Communities Tax Credit	0	0	0	8,905,935	0	0	8,905,935
DW0111A	MDP: African American Heritage Preservation Grant Program	1,000,000	0	0	0	0	0	1,000,000
DW0111B	MDP: Maryland Historical Trust Capital Grant Fund	600,000	0	0	0	0	0	600,000
DW0111C	MDP: Maryland Historical Trust Capital Revolving Loan Fund	0	0	0	0	300,000	0	300,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	0	9,000,000	9,000,000
SA2402B	DHCD: Seed Community Development Anchor Institution Fund	0	0	0	4,000,000	0	0	4,000,000
SA24A	DHCD: Baltimore Regional Neighborhoods Initiative	3,000,000	0	0	5,000,000	0	0	8,000,000
SA24B	DHCD: Community Legacy Program	8,000,000	0	0	0	0	0	8,000,000
SA24C	DHCD: Neighborhood Business Development Program	3,300,000	0	0	0	2,200,000	0	5,500,000
SA24D	DHCD: Strategic Demolition and Smart Growth Impact Fund	28,500,000	0	0	0	0	0	28,500,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
SA24E	DHCD: National Capital Strategic Economic Development Fund	1,000,000	0	0	0	0	0	1,000,000
SA2514A	DHCD: MD-BRAC Preservation Loan Fund	0	0	0	0	2,500,000	0	2,500,000
SA25A	DHCD: Homeownership Programs	12,000,000	0	0	0	1,500,000	0	13,500,000
SA25B	DHCD: Housing and Building Energy Programs	1,000,000	0	0	0	8,350,000	700,000	10,050,000
SA25C	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	0	6,000,000
SA25D	DHCD: Rental Housing Program	0	25,000,000	0	0	15,500,000	4,500,000	45,000,000
SA25E	DHCD: Shelter and Transitional Housing Facilities Grant Program	3,000,000		0	0	0	0	3,000,000
SA25F	DHCD: Special Loan Programs	4,000,000		0	0	3,400,000	2,000,000	9,400,000
	<b>Subtotal</b>	<b>\$79,114,000</b>	<b>\$25,000,000</b>	<b>\$0</b>	<b>\$17,905,935</b>	<b>\$33,750,000</b>	<b>\$16,200,000</b>	<b>\$171,969,935</b>
	<b>Local Projects</b>							
D06E0201	BPW: Camp Shoresh	\$0	\$0	\$0	\$73,500	\$0	\$0	\$73,500
ZA00A	MISC: Annapolis Flood Mitigation	2,000,000	0	0	0	0	0	2,000,000
ZA00B	MISC: Arthur Perdue Stadium Improvements	580,000	0	0	0	0	0	580,000
ZA00C	MISC: A Wider Circle Community Services Center	750,000	0	0	0	0	0	750,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00D	MISC: Baltimore Museum of Art	2,000,000	0	0	0	0	0	2,000,000
ZA00E	MISC: Baltimore Recreational Centers Renovations	400,000	0	0	0	0	0	400,000
ZA00F	MISC: Center Stage	1,000,000	0	0	0	0	0	1,000,000
ZA00G	MISC: Charles E. Smith Communities Facility Improvements	250,000	0	0	0	0	0	250,000
ZA00H	MISC: Chesapeake Grove Senior Housing and Intergenerational Center	1,000,000	0	0	0	0	0	1,000,000
ZA00I	MISC: Compass Regional Hospice	1,000,000	0	0	0	0	0	1,000,000
ZA00J	MISC: Cumberland Plaza Redevelopment and Perkins Building	420,000	0	0	0	0	0	420,000
ZA00K	MISC: Downtown Columbia Cultural Arts Center	500,000	0	0	0	0	0	500,000
ZA00L	MISC: Downtown Partnership of Baltimore	500,000	0	0	0	0	0	500,000
ZA00M	MISC: Dulaney High School Athletic Fields	150,000	0	0	0	0	0	150,000
ZA00N	MISC: East Baltimore Biotechnology Park	2,500,000	0	0	0	0	0	2,500,000
ZA00O	MISC: Ellicott City Flood Mitigation	750,000	0	0	0	0	0	750,000
ZA00P	MISC: Hagerstown Revitalization	750,000	0	0	0	0	0	750,000
ZA00Q	MISC: Helping Up Mission	500,000	0	0	0	0	0	500,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00R	MISC: Hillel Student Center	1,000,000	0	0	0	0	0	1,000,000
ZA00S	MISC: Hippodrome Foundation	2,000,000	0	0	0	0	0	2,000,000
ZA00T	MISC: Historic Annapolis	1,000,000	0	0	0	0	0	1,000,000
ZA00W	MISC: Lexington Market	500,000	0	0	0	0	0	500,000
ZA00AA	MISC: Maryland State Fairgrounds	1,000,000	0	0	0	0	0	1,000,000
ZA00AB	MISC: Maryland Zoo in Baltimore	4,000,000	0	0	0	0	0	4,000,000
ZA00AD	MISC: Melvin J. Berman Hebrew Academy	150,000	0	0	0	0	0	150,000
ZA00AE	MISC: Merriweather Post Pavilion	8,000,000	0	0	0	0	0	8,000,000
ZA00AF	MISC: National Aquarium in Baltimore	2,000,000	0	0	0	0	0	2,000,000
ZA00AH	MISC: New Spire Arts	250,000	0	0	0	0	0	250,000
ZA00AI	MISC: NorthBay Environmental Education Center	200,000	0	0	0	0	0	200,000
ZA00AJ	MISC: Roberta's House	2,000,000	0	0	0	0	0	2,000,000
ZA00AK	MISC: Ronald McDonald House	500,000	0	0	0	0	0	500,000
ZA00AL	MISC: Salisbury Revitalization	500,000	0	0	0	0	0	500,000
ZA00AM	MISC: Sheppard Pratt Hospital	4,000,000	0	0	0	0	0	4,000,000
ZA00AN	MISC: Stevenson University Rosewood Property Environmental Abatement	5,000,000	0	0	0	0	0	5,000,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00AO	MISC: Thomas Kennedy Memorial Park	300,000	0	0	0	0	0	300,000
ZA00AP	MISC: Westminster Rescue Mission	250,000	0	0	0	0	0	250,000
ZA00AQ	MISC: Woodbourne Center Vocational Program	380,000	0	0	0	0	0	380,000
ZA00AR	MISC: YMCA Senior Center	500,000	0	0	0	0	0	500,000
ZA00AT	MISC: Strathmore Hall	3,000,000	0	0	0	0	0	3,000,000
ZA00AU	MISC: National Cryptologic Museum	250,000	0	0	0	0	0	250,000
ZA00AV	MISC: Revitalization of Chestertown Marina	500,000	0	0	0	0	0	500,000
ZA00AW	MISC: Glen Burnie High School Field House and Concession Stand	1,500,000	0	0	0	0	0	1,500,000
ZA00AX	MISC: Olney Theatre Center for the Arts	2,000,000	0	0	0	0	0	2,000,000
ZA00AY	MISC: Kuhn Hall	250,000	0	0	0	0	0	250,000
ZA00AZ	MISC: Pratt Street and Howard Street Plaza	350,000	0	0	0	0	0	350,000
ZA00BA	MISC: Federal Hill Streetscape Improvements	250,000	0	0	0	0	0	250,000
ZA00BB	MISC: Hoen Lithograph Building Renovation	1,000,000	0	0	0	0	0	1,000,000
ZA00BC	MISC: Liberty Sports Park	2,500,000	0	0	0	0	0	2,500,000
ZA00BD	MISC: Poolesville Grape Crushing Economic Development Facility	1,000,000	0	0	0	0	0	1,000,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00BE	MISC: Coastal Hospice	500,000	0	0	0	0	0	500,000
ZA00BF	MISC: Northwood Commons	2,000,000	0	0	0	0	0	2,000,000
ZA00BG	MISC: Innovative Center for Autonomous Systems	750,000	0	0	0	0	0	750,000
ZA00BH	MISC: Maryland Hall for the Creative Arts	1,500,000	0	0	0	0	0	1,500,000
ZA00BI	MISC: YWCA Domestic Violence and Trafficking Shelters	1,000,000	0	0	0	0	0	1,000,000
ZA00BJ	MISC: The Arc of the Central Chesapeake Region	350,000	0	0	0	0	0	350,000
ZA00BK	MISC: UpCounty Nonprofit Hub	1,000,000	0	0	0	0	0	1,000,000
ZA00BL	MISC: Harriet Tubman Community Center and Museum	500,000	0	0	0	0	0	500,000
ZA00BM	MISC: Port Discovery Children's Museum	750,000	0	0	0	0	0	750,000
ZA00BN	MISC: Camp Woodlands Restoration Project	250,000	0	0	0	0	0	250,000
ZA00BO	MISC: Chesapeake High School Turf Field	600,000	0	0	0	0	0	600,000
ZA00BP	MISC: Historic Annapolis Museum	125,000	0	0	0	0	0	125,000
ZA00BQ	MISC: Randallstown High School Infrastructure Improvements	30,000	0	0	0	0	0	30,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total Funds</b>
		<b>General Obligation</b>	<b>Bond Premium</b>	<b>Revenue</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00BR	MISC: Franklin High School Infrastructure Improvements	750,000	0	0	0	0	0	750,000
ZA00BS	MISC: Frederick Road Improvements	250,000	0	0	0	0	0	250,000
ZA00BT	MISC: Allegany Museum	300,000	0	0	0	0	0	300,000
ZA00BU	MISC: American Visionary Arts Museum	250,000	0	0	0	0	0	250,000
ZA00BV	MISC: Baltimore Museum of Industry	225,000	0	0	0	0	0	225,000
ZA00BW	MISC: City of District Heights Senior Day Facility Expansion	500,000	0	0	0	0	0	500,000
ZA00BX	MISC: Road and Intersection Improvements for the Intersection of MD 30 and Mount Gilead Road	1,400,000	0	0	0	0	0	1,400,000
ZA00BY	MISC: Hot Sox Park	500,000	0	0	0	0	0	500,000
ZA00BZ	MISC: Sound Walls Baltimore County	300,000	0	0	0	0	0	300,000
ZA00CA	MISC: Maryland Science Center	890,000	0	0	0	0	0	890,000
ZA00CB	MISC: Sellers Mansion	250,000	0	0	0	0	0	250,000
ZA00CC	MISC: Patriot Point	200,000	0	0	0	0	0	200,000
ZA00CD	MISC: Maryland Equine Education Center	250,000	0	0	0	0	0	250,000
ZA00CE	MISC: Baltimore Regional Employment and Education Center	750,000	0	0	0	0	0	750,000
ZA00CF	MISC: J. Van Story Branch Building	250,000	0	0	0	0	0	250,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Bond Premium	Revenue	General	Special	Federal	
ZA00CG	MISC: Hagerstown Paper and Plastic Plant	1,000,000	0	0	0	0	0	1,000,000
ZA00CH	MISC: The Compound	250,000	0	0	0	0	0	250,000
ZA00CI	MISC: William Brown House	150,000	0	0	0	0	0	150,000
ZA00CJ	MISC: Bnos Yisroel of Baltimore	250,000	0	0	0	0	0	250,000
ZA00CK	MISC: Echo Hill Outdoor School	30,000	0	0	0	0	0	30,000
ZA00CL	MISC: BARCO Playhouse Theater	50,000	0	0	0	0	0	50,000
ZA00CM	MISC: Bon Secours Youth Development Center	1,000,000	0	0	0	0	0	1,000,000
ZA00CN	MISC: West Arlington Water Tower	250,000	0	0	0	0	0	250,000
ZA00CO	MISC: Armory Plaza	100,000	0	0	0	0	0	100,000
BRFA	MISC: BARCO Playhouse Theater	0	0	0	0	200,000	0	200,000
Section 17	MISC: Habitat for Humanity of the Chesapeake Homes	0	0	0	0	100,000	0	100,000
BRFA	MISC: Chesapeake Shakespeare Theatre	0	0	0	0	75,000	0	75,000
Section 17	MISC: RCI Group Homes Renovation	0	0	0	0	75,000	0	75,000
BRFA	MISC: Maryland Theatre	0	0	0	0	50,000	0	50,000
Section 17	MISC: Broadneck Highschool Stadium	0	1,500,000	0	0	0	0	1,500,000
Section 15	Local Senate Initiatives	8,000,000	0	0	0	0	0	8,000,000
ZA02	Local House Initiatives	8,000,000	0	0	0	0	0	8,000,000
ZA03	<b>Subtotal</b>	<b>\$96,680,000</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$73,500</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$98,753,500</b>

Part A – Budget and State Aid

A-65

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			
		General Obligation	Bond Premium	Revenue	General	Special	Federal	Total Funds
	<b>Current Year Nontransportation Total</b>	\$1,091,179,000	\$67,980,000	\$174,000,000	\$65,479,435	\$470,148,675	\$69,847,000	\$1,938,634,110
	<b>De-authorizations</b>							
	De-authorizations as Introduced	-\$5,179,000	\$0	\$0	\$0	\$0	\$0	-\$5,179,000
	Additional De-authorizations	-11,000,000	0	0	0	0	0	-11,000,000
	<b>Subtotal</b>	<b>-\$16,179,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$16,179,000</b>
	<b>Adjusted Nontransportation Total</b>	<b>\$1,075,000,000</b>	<b>\$67,980,000</b>	<b>\$174,000,000</b>	<b>\$65,479,435</b>	<b>\$470,148,675</b>	<b>\$69,847,000</b>	<b>\$1,922,455,110</b>
	<b>Transportation CTP</b>	<b>\$0</b>	<b>\$0</b>	<b>\$710,000,000</b>	<b>\$0</b>	<b>\$844,849,513</b>	<b>\$1,128,948,000</b>	<b>\$2,683,797,513</b>
	<b>Current Year Total</b>	<b>\$1,091,179,000</b>	<b>\$67,980,000</b>	<b>\$884,000,000</b>	<b>\$65,479,435</b>	<b>\$1,314,998,188</b>	<b>\$1,198,795,000</b>	<b>\$4,622,431,623</b>
	<b>Fiscal 2018 Deficiencies</b>							
RP00A	MPBC: Maryland Public Television Transmission Systems Replacement	\$0	\$0	\$0	\$0	\$0	\$3,000,000	\$3,000,000
KA0510A	DNR: Natural Resources Development Fund	0	0	0	0	43,348	200,000	243,348
	<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,348</b>	<b>\$3,200,000</b>	<b>\$3,243,348</b>
	<b>Grand Total</b>	<b>\$1,091,179,000</b>	<b>\$67,980,000</b>	<b>\$884,000,000</b>	<b>\$65,479,435</b>	<b>\$1,315,041,536</b>	<b>\$1,201,995,000</b>	<b>\$4,625,674,971</b>

BCCC: Baltimore City Community College  
 BPW: Board of Public Works  
 BRFA: Budget Reconciliation and Financing Act  
 BSU: Bowie State University  
 CSU: Coppin State University  
 CTP: *Consolidated Transportation Program*  
 DHCD: Department of Housing and Community Development  
 DNR: Department of Natural Resources  
 DPSCS: Department of Public Safety and Correctional Services  
 DoIT: Department of Information Technology  
 DSP: Department of State Police  
 DVA: Department of Veterans Affairs  
 FSU: Frostburg State University  
 GOCCP: Governor's Office of Crime Control and Prevention  
 HSMCC: Historic St. Mary's City Commission  
 MD: Military Department  
 MDA: Maryland Department of Agriculture  
 MD-BRAC: Maryland Base Realignment and Closure  
 MDE: Maryland Department of the Environment  
 MDH: Maryland Department of Health  
 MDOA: Maryland Department of Aging  
 MDP: 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  
 MPBC: Maryland Public Broadcasting Commission  
 MSD: Maryland School for the Deaf  
 MSLA: Maryland State Library Agency  
 MSU: Morgan State University  
 PAYGO: pay-as-you-go  
 SMCM: St. Mary's College of Maryland  
 TU: Towson University  
 UMB: University of Maryland, Baltimore Campus  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park Campus  
 UMMS: University of Maryland Medical System  
 USMO: University System of Maryland Office

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

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**Exhibit A-2.4  
Legislative Projects – 2018 Session**

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
<b>Statewide</b>				
Baltimore Police Mounted Unit Stables	\$250,000			\$250,000 Hard
Bay Community Support Services Group Homes		\$26,000		26,000 Hard
Port Discovery Children’s Museum	250,000			250,000 Soft(3)
Talisman Therapeutic Riding Farm	250,000			250,000 Soft(2,3)
Vehicles for Change	250,000			250,000 Soft(3)
<b>Subtotal</b>	<b>\$1,000,000</b>	<b>\$26,000</b>	<b>\$0</b>	<b>\$1,026,000</b>
<b>Allegany</b>				
Camp Potomac	\$25,000	\$25,000		\$50,000 Hard
Frostburg Museum Relocation Project	75,000	75,000		150,000 Soft(1)
<b>Subtotal</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$200,000</b>
<b>Anne Arundel</b>				
Annapolis Maritime Museum and Park	\$50,000	\$75,000		\$125,000 Soft(all)
Annapolis Masonic Lodge No. 89		80,000		80,000 Grant
Broadneck High School Stadium			\$1,500,000	1,500,000 Grant
Camp Woodlands Restoration Project			250,000	250,000 Grant
Chesapeake High School Turf Field			600,000	600,000 Grant
Glen Burnie High School Field House and Athletic Complex			1,500,000	1,500,000 Grant

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
Hancock’s Resolution Visitor Center and Barn	125,000	125,000		250,000 Hard
Historic Annapolis Museum			125,000	125,000 Grant
Light House Bistro and Culinary Training Center	150,000	160,000		310,000 Soft(3)
Lloyd Keaser Community Center		35,000		35,000 Soft(1)
Maryland Hall for the Creative Arts			1,500,000	1,500,000 Grant
Resiliency and Education Center at Kuhn Hall			250,000	250,000 Grant
Samaritan House	50,000	50,000		100,000 Soft(1,3)
Severn Danza Park		200,000		200,000 Hard
St. Philip Neri Community Hall	75,000			75,000 Grant
The Arc of the Central Chesapeake Region	125,000		350,000	475,000 Hard
The Bernie House		130,000		130,000 Soft(2)
William Brown House			150,000	150,000 Grant
YWCA Domestic Violence and Trafficking Shelters			1,000,000	1,000,000 Grant
<b>Subtotal</b>	<b>\$575,000</b>	<b>\$855,000</b>	<b>\$7,225,000</b>	<b>\$8,655,000</b>
<b>Baltimore City</b>				
40 West Assistance and Referral Center	\$125,000			\$125,000 Hard
American Visionary Art Museum			\$250,000	250,000 Grant
Baltimore Museum of Industry			225,000	225,000 Grant
Baltimore Regional Employment and Education Center			750,000	750,000 Grant
BARCO Playhouse Theatre			250,000	250,000 Grant

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
Bnos Yisroel of Baltimore			250,000	250,000 Grant
Bon Secours Youth Development Center			1,000,000	1,000,000 Grant
Carmel Community Reaching Out Center	90,000			90,000 Soft(1)
Chesapeake Shakespeare Company	25,000		75,000	100,000 Hard
Creative Alliance	25,000			25,000 Soft(all)
Darley Park			75,000	75,000 Grant
EMAGE Center		\$125,000		125,000 Soft(3)
Epiphany House Project	100,000			100,000 Soft(all)
Federal Hill Streetscape Improvements			250,000	250,000 Grant
Garrett-Jacobs Mansion		200,000		200,000 Soft(2,3)
Habitat for Humanity of the Chesapeake	50,000		100,000	150,000 Soft(all)
HARBEL Community Building	100,000			100,000 Hard
Harford House Project	25,000	200,000		225,000 Grant
Harvey Johnson Community Center		200,000		200,000 Soft(2)
Hoen Lithograph Building Renovation			1,000,000	1,000,000 Grant
Hollins Market		250,000		250,000 Hard
J. Van Story Branch Apartment Building			250,000	250,000 Grant
Kappa Alpha Psi Youth and Community Center	50,000	52,000		102,000 Soft(1,3)
Langston Hughes Community, Business and Resource Center		250,000		250,000 Soft(2,3)
Liberty Ship S.S. John W. Brown	50,000			50,000 Soft(all)
Malone Children Memorial Playground and Community Park			150,000	150,000 Grant
Maryland Art Place		125,000		125,000 Soft(U,3)
Patterson Park			500,000	500,000 Grant

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>	
Paul’s Place	35,000			35,000	Soft(all)
Port Discovery			750,000	750,000	Grant
Pratt Street and Howard Street Plaza			350,000	350,000	Grant
Sellers Mansion			250,000	250,000	Grant
St. Elizabeth School	50,000			50,000	Soft(2)
The Compound			250,000	250,000	Grant
Village Learning Place	50,000	50,000		100,000	Soft(2)
West Arlington Water Tower			250,000	250,000	Grant
Westport Community Land Trust	25,000			25,000	Soft(2)
<b>Subtotal</b>	<b>\$800,000</b>	<b>\$1,452,000</b>	<b>\$6,975,000</b>	<b>\$9,227,000</b>	
<b>Baltimore</b>					
Frederick Road Improvements			\$250,000	\$250,000	Grant
Hatzalah of Baltimore	\$125,000			125,000	Hard
Lansdowne Volunteer Fire Department	100,000			100,000	Hard
Mayes-Burton Barn at Hereford High School	100,000			100,000	Soft(2,3)
Maryland Equine Education Center			250,000	250,000	Grant
Maryland State Fairgrounds			1,000,000	1,000,000	Grant
Morning Star Family Life Center		\$100,000		100,000	Soft(all)
National Center on Institutions and Alternatives Expansion	125,000	225,000		350,000	Hard
Natural History Society of Maryland	175,000	215,000		390,000	Soft(all)
New Town High School Stadium	75,000	100,000		175,000	Hard
Penn-Mar Human Services Day Learning Center	100,000	100,000		200,000	Soft(2)

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
The Glenn L. Martin Maryland Aviation Museum	50,000			50,000 Soft(1,2)
Windsor Mill Community Outreach Center		100,000		100,000 Soft(all)
<b>Subtotal</b>	<b>\$850,000</b>	<b>\$840,000</b>	<b>\$1,500,000</b>	<b>\$3,190,000</b>
<b>Calvert</b>				
East-John Youth Center Pools	\$50,000			\$50,000 Hard
North Beach Volunteer Fire Department	100,000			100,000 Hard
<b>Subtotal</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>
<b>Carroll</b>				
Boys and Girls Club of Westminster	\$75,000	\$75,000		\$150,000 Hard
Carroll County Veterans Independence Project	50,000	50,000		100,000 Soft(1,2)
Gamber and Community Fire Company Carnival Grounds		25,000		25,000 Hard
<b>Subtotal</b>	<b>\$125,000</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$275,000</b>
<b>Cecil</b>				
Perryville Railroad Monument Sign		\$25,000		\$25,000 Grant
<b>Subtotal</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$25,000</b>
<b>Charles</b>				
Farming 4 Hunger Community Agricultural Facility	\$100,000			\$100,000 Soft(1,2)
Indian Head Center for the Arts		60,000		60,000 Soft(1)

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
Indian Head Recreation Center		200,000		200,000 Soft(2)
Maryland Veterans Memorial Museum	125,000			125,000 Soft(1,2)
Velocity Center	75,000			75,000 Soft(2)
<b>Subtotal</b>	<b>\$300,000</b>	<b>\$260,000</b>	<b>\$0</b>	<b>\$560,000</b>
<b>Dorchester</b>				
Maces Lane Community Center		\$200,000		\$200,000 Soft(1,2)
Patriot Point	\$175,000		\$200,000	375,000 Soft(all)
<b>Subtotal</b>	<b>\$175,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$575,000</b>
<b>Frederick</b>				
Boys and Girls Club of Frederick County	\$50,000	\$150,000		\$200,000 Soft(1)
Brunswick Junior Railroaders	20,000			20,000 Soft(2)
CrossRoads Freedom Center Recovery Housing	55,000			55,000 Soft(2,3)
Culler Lake Revitalization		150,000		150,000 Soft(2)
Helen Smith Studio	25,000			25,000 Soft(1,2)
Heritage Frederick Capital Improvements	25,000			25,000 Hard
Northwest Trek Conservation and Education Center	50,000			50,000 Hard
<b>Subtotal</b>	<b>\$225,000</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$525,000</b>
<b>Garrett</b>				
Grantsville Volunteer Fire Company	\$25,000			\$25,000 Grant
Bloomington Water Distribution System	100,000	64,000		164,000 Hard
<b>Subtotal</b>	<b>\$125,000</b>	<b>\$64,000</b>	<b>\$0</b>	<b>\$189,000</b>

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
<b>Harford</b>				
Aberdeen Proving Ground Discovery Preview Center		\$250,000		\$250,000 Soft(U,1,2)
Historic Colored School		96,000		96,000 Grant
Sexual Assault/Spouse Abuse Resource Center	125,000			125,000 Soft(1,2)
<b>Subtotal</b>	<b>\$125,000</b>	<b>\$346,000</b>	<b>\$0</b>	<b>\$471,000</b>
<b>Howard</b>				
Phillips Academy	\$150,000			\$150,000 Hard
Harriet Tubman Community Center and Museum			\$500,000	500,000 Grant
Howard County Youth Program	100,000			100,000 Hard
Ellicott City Public Arts Project	100,000	75,000		175,000 Grant
Lisbon Volunteer Fire Department	125,000			125,000 Soft(2)
<b>Subtotal</b>	<b>\$475,000</b>	<b>\$75,000</b>	<b>\$500,000</b>	<b>\$1,050,000</b>
<b>Kent</b>				
Camp Fairlee	\$150,000	\$50,000		\$200,000 Hard
Chestertown Marina			\$500,000	500,000 Grant
<b>Subtotal</b>	<b>\$150,000</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$700,000</b>
<b>Montgomery</b>				
A Wider Circle Community Service Center			\$750,000	\$750,000 Grant
Arts on the Block Studio Expansion	\$50,000	\$50,000		100,000 Soft(2)

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
Bender Jewish Community Center of Greater Washington	50,000	25,000		75,000 Hard
Dream Catcher Meadows	50,000			50,000 Hard
Easter Seals Inter-Generational Center		100,000		100,000 Hard
Gandhi Brigade Youth Media	75,000	75,000		150,000 Soft(2,3)
Ivymount School		65,000		65,000 Soft(3)
Josiah Henson Park		200,000		200,000 Soft(all)
Melvin J. Berman Hebrew Academy			150,000	150,000 Grant
Metropolitan Ballet Theatre Expansion		100,000		100,000 Soft(3)
National Center for Children and Families	75,000			75,000 Hard
Nonprofit Village Center	100,000			100,000 Hard
Noyes Children’s Library Renovation	100,000			100,000 Hard
Olney Theatre			2,000,000	2,000,000 Grant
Our House Youth Home	95,000	105,000		200,000 Soft(1,3)
Poolesville Grape Crushing Economic Development Facility			1,000,000	1,000,000 Grant
RCI Group Home Renovations	175,000		75,000	250,000 Hard
Rockville Senior Center	125,000	75,000		200,000 Hard
Rockville Welcome Center		100,000		100,000 Soft(all)
Round House Theatre	100,000	250,000		350,000 Hard
Sandy Spring Odd Fellows Lodge		15,000		15,000 Grant
TLC’s Katherine Thomas School	75,000	125,000		200,000 Hard
Upcounty Nonprofit Hub			1,000,000	1,000,000 Grant
Winter Growth	30,000			30,000 Soft(3)
<b>Subtotal</b>	<b>\$1,100,000</b>	<b>\$1,285,000</b>	<b>\$4,975,000</b>	<b>\$7,360,000</b>

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
<b>Prince George's</b>				
Armory Plaza	\$100,000	\$100,000	\$100,000	\$300,000 Soft(1)
Bishop McNamara High School Gymnasium	50,000			50,000 Soft(2,3)
Bowie Emergency Operations Center		100,000		100,000 Soft(1)
Bowie Senior Center	50,000	150,000		200,000 Grant
Bowie Volunteer Fire Department	75,000			75,000 Hard
Boys and Girls Club Sports Park	50,000	50,000		100,000 Soft(1)
Broad Creek Recreation and Wellness Project	25,000			25,000 Soft(1,2)
Calvary Breath of Life Community Center	100,000			100,000 Soft(all)
Camp Springs Elks Lodge No. 2332	25,000			25,000 Soft(3)
City of District Heights Senior Day Facility Expansion			500,000	500,000 Grant
College Park Early Learning Center	100,000	150,000		250,000 Hard
Eagle Harbor Town Office	100,000	30,000		130,000 Grant
Fort Washington Baptist Church		200,000		200,000 Soft(3)
Greenbelt Station Hiker and Biker Trail	75,000			75,000 Hard
Lanham Boys and Girls Club Sports Park Renovation		75,000		75,000 Soft(1)
Liberty Sports Park			2,500,000	2,500,000 Grant
Maryland Intergenerational Family Life Center	50,000			50,000 Hard
Mount Rainier Civic Center	100,000			100,000 Soft(1,2)
Potomac Watershed Study Center		150,000		150,000 Soft(1)

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
Prince George’s County Volunteer Marine, Fire and Rescue Department	50,000			50,000 Soft(1)
Public Plaza and Community Overlook	25,000			25,000 Hard
Riverfront Park Hiker and Biker Path	50,000	50,000		100,000 Hard
South County Dog Park		250,000		250,000 Hard
St. Thomas Methodist Church Restoration	25,000			25,000 Grant
The Arc of Prince George’s County	100,000			100,000 Soft(1)
The Ivy Village Incubator for Nonprofit Excellence		180,000		180,000 Soft(1,2)
The Training Source		250,000		250,000 Soft(1,3)
<b>Subtotal</b>	<b>\$1,150,000</b>	<b>\$1,735,000</b>	<b>\$3,100,000</b>	<b>\$5,985,000</b>
<b>Queen Anne’s</b>				
Compass Regional Hospice			\$1,000,000	\$1,000,000 Grant
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>Somerset</b>				
Teackle Mansion and the Sarah Martin Done House		\$100,000		\$100,000 Soft(all)
<b>Subtotal</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>
<b>St. Mary’s</b>				
St. Mary’s Nursing Center	\$75,000			\$75,000 Hard
<b>Subtotal</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>

<u>Project Title</u>	<u>Senate Initiative</u>	<u>House Initiative</u>	<u>Other Funding</u>	<u>Match/Requirements</u>
<b>Talbot</b>				
Avalon Theatre	\$150,000	\$50,000		\$200,000 Hard
St. Michaels Family YMCA			\$500,000	500,000 Grant
<b>Subtotal</b>	<b>\$150,000</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$700,000</b>
<b>Washington</b>				
Hagerstown Paper and Plastic Plant			\$1,000,000	\$1,000,000 Grant
National Road Museum		\$50,000		50,000 Hard
Smithsburg Town Hall Tower		12,000		12,000 Hard
The Maryland Theatre	\$200,000		800,000	1,000,000 Hard
Thomas Kennedy Memorial Plaza			300,000	300,000 Grant
<b>Subtotal</b>	<b>\$200,000</b>	<b>\$62,000</b>	<b>\$2,100,000</b>	<b>\$2,362,000</b>
<b>Wicomico</b>				
Rotary Labyrinth	\$100,000			\$100,000 Soft(1,2)
<b>Subtotal</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
<b>Worcester</b>				
Macky and Pam Stansell House of Coastal Hospice at the Ocean			\$500,000	\$500,000 Grant
Pocomoke Little League	\$50,000	\$25,000		75,000 Grant
<b>Subtotal</b>	<b>\$50,000</b>	<b>\$25,000</b>	<b>\$500,000</b>	<b>\$575,000</b>
<b>Grand Total</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>	<b>\$29,075,000</b>	<b>\$45,075,000</b>

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



## 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. Excluding transportation funding, the capital program uses \$65.5 million of general funds, \$470.2 million of special funds, and \$69.8 million of federal funds. Total transportation PAYGO funding is \$1.974 billion of special and federal funds.

The fiscal situation continues to limit general fund support of the capital program. The Governor sought mandate funding relief through several provisions in *Senate Bill 187 (Ch. 10)*, the Budget Reconciliation and Financing Act (BRFA) of 2018, that impact the capital program. As introduced, the budget included \$58.0 million of general funds that were contingently reduced in the budget. The actions of the General Assembly restored \$38.0 million, as outlined below.

- ***University of Maryland Capital Regional Medical Center (UMCRMC):*** Chapter 13 of 2016, as amended by Chapter 23 of 2017 (the BRFA of 2017), established a funding mandate to complete the State's \$208.0 million commitment to UMCRMC. The funding mandate requires \$48.0 million in fiscal 2019. To meet the mandate, the Governor's capital budget included \$19.0 million in GO bonds and \$29 million in general funds budgeted in the Board of Public Works (BPW). Language in the budget as introduced eliminated the general funds contingent upon the enactment of a provision in the BRFA of 2018 altering the mandate. The General Assembly amended the BRFA provision to restore the \$29.0 million in general fund support for UMCRMC in fiscal 2019.
- ***Transfer Tax Repayment Plan:*** As introduced, the 2018 BRFA amended the transfer tax repayment plan established by Chapter 10 of 2016. For fiscal 2019, the repayment plan required \$21.0 million in general funds comprised of \$6.0 million for the Department of Natural Resources (DNR) Critical Maintenance Program and \$15.0 million to be distributed through the POS formula. Language in the budget as introduced deleted the \$15.0 million to be distributed through the formula, contingent upon the enactment of a provision in the BRFA of 2018 altering the mandate. The General Assembly adopted this BRFA provision, which results in shifting the \$15.0 million repayment to fiscal 2022. A separate BRFA provision added by the General Assembly provides a three-year \$2.5 million mandated funding requirement for fiscal 2020 through 2022 for the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) for the Next Generation Farmland Acquisition Program. The funding is required to come from a portion of the repayment of prior year transfer tax diversions to the General Fund that would otherwise have been allocated through the POS formula.
- ***Housing and Community Development Mandates:*** The Governor is mandated to fund the Baltimore Regional Neighborhood Initiative program at \$12.0 million in fiscal 2019. To meet the mandate, the capital budget as introduced included \$3.0 million in GO bonds with another \$9.0 million in general funds contingent upon the enactment of a provision in the

BRFA of 2018 altering the mandate. The General Assembly amended the BRFA provision to maintain the annual funding mandate and partially restored the general fund appropriation for fiscal 2019 to \$5.0 million. The Governor is also mandated to fund the Seed Community Development Anchor Institution Fund at \$5.0 million, all of which was eliminated in the budget as introduced contingent upon the enactment of a provision in the BRFA of 2018 altering the mandate. The General Assembly amended the BRFA provision to maintain the annual funding mandate and partially restored the general fund appropriation for fiscal 2019 to \$4.0 million, all of which was restricted for a project at the University of Maryland, Baltimore.

### **Bond Premiums**

The MCCBL of 2018 also authorizes the use of \$68.0 million of bond premium proceeds. This is comprised of \$13.0 million of fiscal 2018 bond premiums realized in the March 2018 bond sale and another \$55.0 million of estimated premiums from the sale of GO bonds in fiscal 2019. Language in the MCCBL of 2018 specifies the use and priority order of the fiscal 2019 bond premiums as follows: \$10.0 million for public school safety improvements; \$15.0 million for heating, ventilation, and air conditioning (HVAC) improvements to Baltimore City public school buildings; \$3.5 million for school safety improvements at nonpublic schools throughout the State; \$25.0 million for the Rental Housing Program administered by the Department of Housing and Community Development; and \$1.5 million for the new Science Facility at Towson University (TU). The fiscal 2018 bond premiums are to be used as follows: \$11.48 million for the new Science Facility at TU and \$1.5 million for athletic facility improvements at Broadneck High School.

### **Revenue Bonds**

The fiscal 2019 capital budget also includes \$150.0 million of planned nontax-supported revenue bond issuances by MDE to further capitalize the Water Quality Revolving Loan Fund to provide loans to local governments for various water quality and drinking water infrastructure projects. MDE will issue the debt over the next several years as project funding requests from local governments dictate.

### **Debt Affordability**

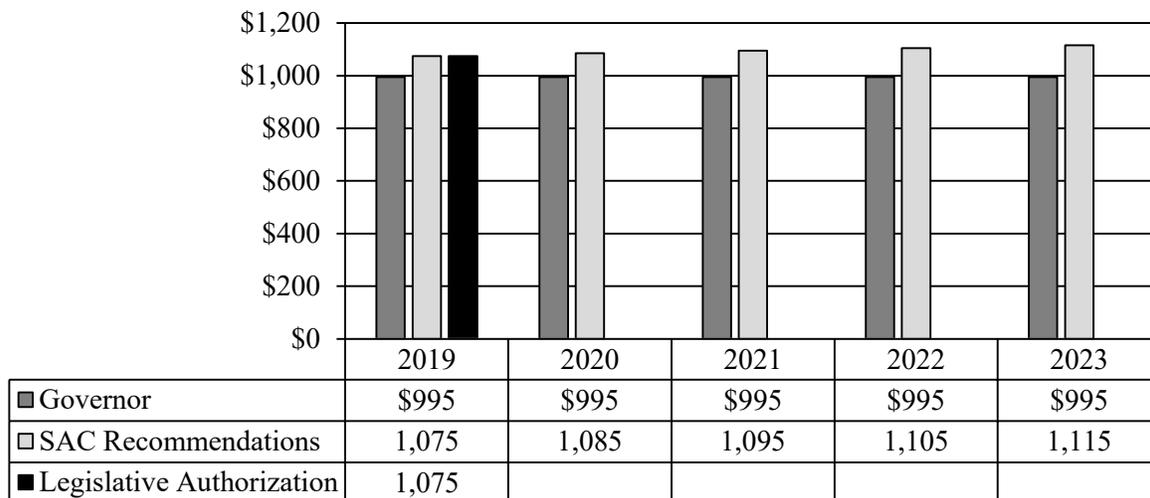
In its 2017 report, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of \$995 million in GO bonds may be authorized in the 2018 session and for each year in the five-year planning period included in the annual *Capital Improvement Program (CIP)*. The recommendation, the same recommendation made by the committee in its previous two annual reports, is intended to slow the growth in debt service costs and provide additional debt capacity in the out-years.

The CDAC's recommendation is advisory, and the Spending Affordability Committee (SAC) is not bound by the recommendation. While supporting the objective to slow the growth in

debt service costs and reduce the debt service to revenue ratio, SAC was concerned that the CDAC recommendation to freeze the authorization level through the planning period would reduce the purchasing power of the capital program due to the impact of construction inflation. To address this concern, SAC recommended that new GO bond authorizations for the 2018 session and through the five-year planning period increase by 1% annually using the fiscal 2016 level of \$1.045 billion as the starting point. This was the same recommendation made by the committee in its previous two annual reports. The goal of the SAC recommendation is to moderate GO bond authorization levels to the projected State property tax revenue increases, which in recent years have increased at an average annual rate of 2.0%. The SAC recommendation would reduce the ratio of debt service to revenue in the out-years while also allowing authorizations to increase slightly to account for the impact of construction inflation.

The Governor’s 2018 session capital budget proposed a net new GO bond authorization of \$995.0 million, keeping the State within the limit recommended by CDAC. The MCCBL of 2018 passed by the General Assembly totals \$1.075 billion of net new GO debt authorizations, which is the amount recommended by SAC. An additional \$16.2 million in GO bonds from prior years are de-authorized in the MCCBL of 2018, thereby increasing the amount of new GO debt to \$1.091 billion. **Exhibit A-2.5** illustrates the different recommended new GO authorization levels and the final amount included in the MCCBL of 2018.

**Exhibit A-2.5**  
**New General Obligation Bond Authorization Levels**  
**Governor’s Capital Improvement Program – Spending Affordability Committee**  
**Fiscal 2019-2023**  
**(\$ in Millions)**



SAC: Spending Affordability Committee

The State's capital program for fiscal 2019 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- The MCCBL of 2018 includes amendments to prior authorizations that, among other changes, extend matching fund deadlines, extend deadlines for expending or encumbering funds, alter the purposes for which funds may be used, modify certification requirements, rename grant recipients, or alter project locations. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly. From 2008 through 2013, prior authorizations were rolled into one omnibus prior authorization bill. However, beginning with the 2014 session, all amendments to prior authorizations are included in the capital bill, since the changes amend authorizations made in prior capital budget bills.
- The MCCBL of 2018 includes \$323.2 million of GO bond authorizations that will not take effect until fiscal 2020 and \$48.4 million that will not take effect until fiscal 2021. Many of these pre-authorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2019 to proceed without the full amount of the construction authorization provided in the fiscal 2019 budget. Some pre-authorizations express the General Assembly's support of local projects, which are not contracted by the State but rather by local governments and local and private organizations. **Exhibit A-2.6** shows the pre-authorizations for the 2019 and 2020 sessions included in the MCCBL of 2018.

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### Exhibit A-2.6

### Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan 2019-2020 Sessions

<u>Project Title</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>
DMIL: Freedom Readiness Center	\$3,015,000	
MDP: Patterson Center Renovations	3,762,000	
DoIT: Public Safety Communication System	21,740,000	
MDA: Salisbury Animal Health Laboratory	11,530,000	
DPSCS: Demolition of Buildings at the Baltimore City Correction Complex	18,816,000	\$4,703,000
UMB: Central Electric Substation and Electrical Infrastructure Upgrade	13,721,000	
UMCP: New Cole Field House	3,941,000	
UMCP: School of Public Policy Building	12,500,000	2,100,000
TU: Science Facility	66,225,000	
MHEC: Community College Facilities Grant Program	50,844,000	15,152,000
MSU: New Student Services Support Building	20,385,000	
MES: Infrastructure Improvement Fund	2,228,000	273,000
DSP: New Cumberland Barrack and Garage	7,030,000	1,450,000

<u>Project Title</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>
HSMCC: Maryland Dove	2,500,000	
HSMCC: Maryland Heritage Interpretive Center	10,000,000	5,000,000
BPW: Replacement of Lawyer’s Mall Underground Infrastructure	6,000,000	
BSU: Communications Arts and Humanities Building	5,000,000	
DJS: New Female Detention Center	36,272,000	19,675,000
MISC: Ocean City Convention Center	18,665,000	
MISC: Sheppard Pratt at Elkridge	4,000,000	
MISC: MedStar Franklin Square Hospital	5,000,000	
<b>Total</b>	<b>\$323,174,000</b>	<b>\$48,353,000</b>

BPW: Board of Public Works  
 BSU: Bowie State University  
 DoIT: Department of Information Technology  
 DJS: Department of Juvenile Services  
 DMIL: Military Department  
 DPSPC: Department of Public Safety and Correctional Services  
 DSP: Department of State Police  
 HSMCC: Historic St. Mary’s Commission  
 MDA: Department of Agriculture

MDP: Department of Planning  
 MES: Maryland Environmental Service  
 MHEC: Maryland Higher Education Commission  
 MISC: miscellaneous  
 MSU: Morgan State University  
 TU: Towson University  
 UMB: University of Maryland, Baltimore Campus  
 UMCP: University of Maryland, College Park Campus  
 USMO: University System of Maryland Office

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## Higher Education

The State-funded portion of the fiscal 2019 capital program for all segments of higher education is \$350.7 million, including both GO bonds and ARBs. Of the total funding, public four-year institutions, including regional higher education centers, receive \$275.2 million, or 78.5% of funding, and independent institutions receive \$12.0 million, or 3.4% of funding. Community colleges receive \$63.5 million in fiscal 2019 GO bonds, or 18.1% of higher education funding. This includes \$3.0 million of recycled GO bond funds leftover from prior local community college projects. Community college funding is also matched by \$47.0 million in local support in fiscal 2019. **Exhibit A-2.7** shows the fiscal 2019 capital funding by institution.

**Exhibit A-2.7**  
**Fiscal 2019 Higher Education Capital Funding by Institution**  
**(\$ in Thousands)**

<u>Institution</u>	<u>Capital Funding</u>
University of Maryland, Baltimore Campus	\$11,064
University of Maryland, College Park Campus	34,497
Bowie State University	1,500
Towson University	63,744
Frostburg State University	2,000
Coppin State University	1,634
University of Maryland Baltimore County	68,159
USM – Facility Renewal	17,000
USM – Regional Higher Education Centers	23,114
Morgan State University	46,521
St. Mary’s College of Maryland	6,005
Independent Institutions	12,000
Community Colleges	63,460
<b>Total</b>	<b>\$350,698</b>

USM: University System of Maryland

Note: Includes general obligation bonds, academic revenue bonds, bond premiums, and community college facility grant fund balance.

### **School Construction**

The fiscal 2019 capital budget includes \$382.1 million in GO bonds for public school construction. This includes \$313.9 million for the traditional Public School Construction Program, an increase of \$4.9 million above the Governor’s submission. The additional \$4.9 million of GO bond funds replaces \$4.9 million of general funds included in the Governor’s submission, which was intended to replace funds lost when Congress did not re-authorize the Qualified Zone Academy Bond program. The general funds were instead restricted by the General Assembly to be used to fund the public school facilities statewide facilities assessment required in the 21st Century School Facilities Act, *Senate Bill 1243 (passed – enacted under Article II, Section 17(b) of the Maryland Constitution without the signature of the Governor)*. The General Assembly also added language to the school construction authorization that, for fiscal 2019, the Interagency on School Construction (IAC) shall allocate 100% of the funds available for public school construction projects, including available

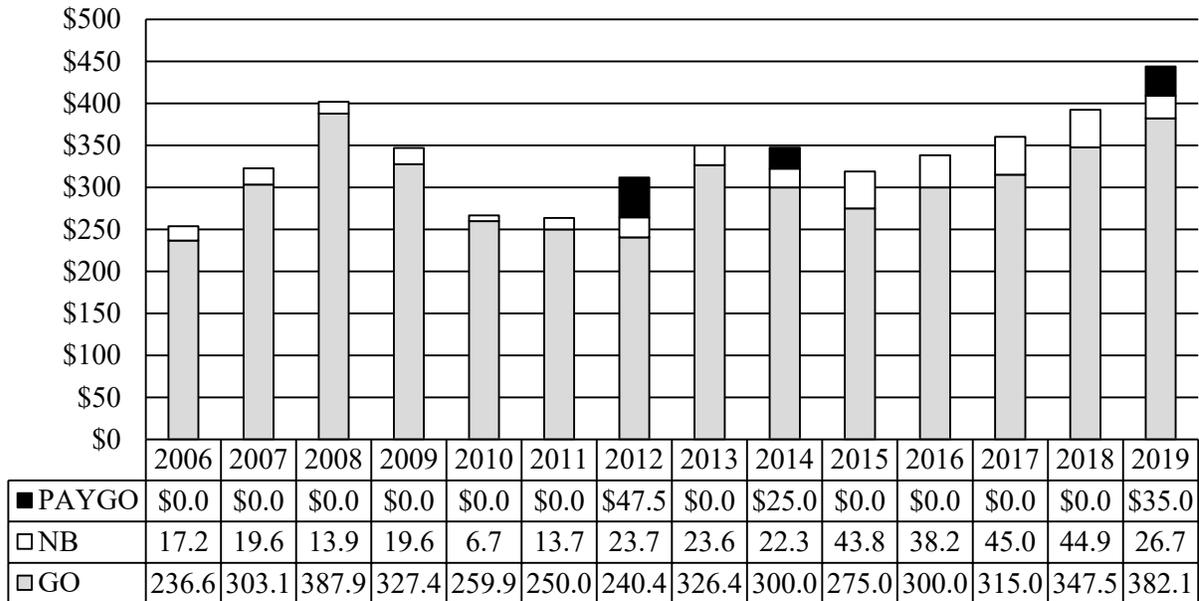
contingency funds. Under the language, the IAC allocations are not subject to BPW approval and are deemed approved pursuant to State law. IAC made recommendations for 75% of the preliminary school construction allocation for fiscal 2019 in December 2017, which were approved by BPW on January 24, 2018. By March 1, 2018, IAC made recommendations for the allocation of 90% of the school construction allocation in the capital budget (which included the initial 75% approved by BPW). Following enactment of the capital budget bill, IAC will make recommendations for 100% of the funding available for fiscal 2019 school construction projects, and pursuant to this language, the IAC recommendations will be the final allocations.

An additional \$68.2 million of GO bond funds is authorized through the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms established by Chapter 355 of 2015. Chapter 355 established a mandated appropriation in the capital budget of \$20.0 million annually beginning in fiscal 2017 for local school systems impacted by significant enrollment growth and reliance on relocatable classrooms. Chapter 665 and 666 of 2016 increased the funding mandate from \$20.0 million to \$40.0 million. In the 2018 session, the General Assembly increased the amount authorized for the program by \$28.2 million for a total of \$68.2 million. The additional \$28.2 million is not mandated. While Title 5, Subtitle 3 of the Education Article establishes a funding formula for the eligible counties, the additional \$28.2 million is allocated outside of the statutory formula with specific allocations to the participating jurisdictions set forth in the MCCBL of 2018. Significant enrollment growth is defined as having full-time equivalent enrollment growth that exceeds 150% of the statewide average over the past five years, and significant relocatable classrooms means an average of at least 300 relocatable classrooms over the past five years. Currently, Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties are eligible.

An additional \$26.7 million in unexpended funds from prior years is available from the Statewide Contingency Fund, all but \$1.5 million of which is reserved for specific local school systems.

The Public School Facilities Act of 2004 established a State goal to provide \$2.0 billion in State funding over eight years, or \$250.0 million per year through fiscal 2013. The \$2.0 billion goal was met in fiscal 2012, one year early. As shown in **Exhibit A-2.8**, between fiscal 2006 and 2019, the State has invested \$4.718 billion for school construction projects throughout the State.

**Exhibit A-2.8**  
**Public School Construction Funding**  
**Fiscal 2006-2019**  
**(\$ in Millions)**



GO: general obligation  
 NB: nonbudgeted  
 PAYGO: pay-as-you-go

Note: Figures include new GO bonds, PAYGO funds, and unexpended funds that were previously authorized. Fiscal 2012 includes a \$47.5 million supplementary appropriation.

Source: Public School Construction Program Capital Improvement Programs, Fiscal 2006-2019

### School Safety

School construction funding is enhanced with an additional \$23.5 million to fund school safety measures. This is comprised of \$10.0 million of general funds and \$10.0 million in fiscal 2019 bond premium proceeds to be used as PAYGO capital for school safety improvements at public school buildings, and \$3.5 million of fiscal 2019 bond premium proceeds to be used for school safety improvements at nonpublic schools throughout the State. For more on the school safety enhancement measures included in the Maryland Safe to Learn Act of 2018, see the subpart “Primary and Secondary Education” within Part L – Education of this *90 Day Report*.

### **Heating, Ventilation, and Air Conditioning Improvements at Baltimore City Public School Buildings**

After the much publicized closure of several Baltimore City public school buildings in January 2018 due to extremely low temperatures, the General Assembly enhanced public school construction funding with an additional \$15.0 million of fiscal 2019 bond premium proceeds to fund HVAC improvements at Baltimore City public school buildings. The funds are to be administered in accordance with Title 5, Subtitle 3 of the Education Article and are to be allocated by IAC and not subject to BPW approval.

### **Aging Schools Program**

The capital budget provides \$6.1 million in GO bonds for the Aging Schools Program allocated as grants to county boards of education as specified in § 5-206 of the Education Article.

The fiscal 2019 capital budget also provides \$3.5 million of GO bond funds 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 currently meeting the eligibility requirements for Aid to Non-Public Schools for textbooks and computer hardware and software may receive these grants, which will be distributed on a per school basis up to \$100,000, contingent on certain criteria being met.

### **Programs Traditionally Funded with Transfer Tax Revenue**

**Exhibit A-2.9** shows the fiscal 2019 allocation of funding for programs traditionally funded with transfer tax revenue. Program funding is distinguished between transfer tax regular special funds and transfer tax replacement general funds provided by the repayment of fiscal 2006 funding transferred to the General Fund.

**Exhibit A-2.9**  
**Programs Traditionally Funded with Transfer Tax Revenue**  
**Fiscal 2019**  
**(\$ in Thousands)**

	<b>Transfer Tax Regular Special Funds</b>	<b>Transfer Tax Repayment General Funds</b>	<b>Other Special Funds</b>	<b>Federal Funds</b>	<b>GO Bonds</b>	<b>Total</b>
Program Open Space						
State <sup>1</sup>	\$49,706	\$0	\$0	\$3,000	\$0	\$52,706
Local	53,288	0	0	0	0	53,288
Capital Development <sup>2</sup>	22,756	6,000	0	0	0	28,756
Rural Legacy Program	20,018	0	0	0	5,000	25,018
Heritage Conservation Fund	4,326	0	0	0	0	4,326
Agricultural Land Preservation <sup>3</sup>	40,476	0	8,500	0	0	48,976
<b>Total</b>	<b>\$190,570</b>	<b>\$6,000</b>	<b>\$8,500</b>	<b>\$3,000</b>	<b>\$5,000</b>	<b>\$213,070</b>

GO: general obligation

<sup>1</sup> The Baltimore City Direct Grant of \$5.5 million comes out of the \$49.7 million in transfer tax special funds for Program Open Space – State. The \$3.0 million in federal funds reflected for Program Open Space – State could also be used by Program Open Space – Local.

<sup>2</sup> The Capital Development funding is allocated as follows: transfer tax regular special funds – Natural Resources Development Fund \$14.8 million, Critical Maintenance Program \$7.0 million, and Ocean City Beach Maintenance \$1.0 million; and transfer tax repayment general funds – Critical Maintenance Program \$6.0 million budgeted in the State Reserve Fund.

<sup>3</sup> The Agricultural Land Preservation funding reflects \$8.5 million in county participation funding.

Note: Numbers may not sum due to rounding.

### **Baltimore City Direct Grant**

Statute allocates \$5.5 million for the Baltimore City Direct Grant from POS – State allocation in fiscal 2019. The fiscal 2019 allocation is as follows:

- \$2,000,000 for projects that meet park purposes;
- \$750,000 for Frank C. Bocek Park;

- \$725,000 for Herring Run Park;
- \$600,000 for the Frederic B. Leidig Recreation Center;
- \$500,000 for Patterson Park;
- \$500,000 for the Mary E. Rodman Recreation Center;
- \$150,000 for Malone Children Memorial Playground and Community Park;
- \$100,000 for Saint Charles Park;
- \$100,000 for Clifton Park; and
- \$75,000 for Darley Park Community Park.

### **Transfer Tax – Fiscal 2019 Transfer Modification**

The property transfer tax is the primary funding source for State land conservation programs. The fiscal 2019 budget includes the modification of repayments of transfer tax transfers to the General Fund that were originally authorized by Chapter 425 of 2013 and then subsequently modified by Chapter 10 of 2016. Chapter 10 requires the repayment of \$242.2 million in past redirected transfer tax funds by fiscal 2029. The plan provides for the use of general funds as a source of repayment to be expended as special funds in the budget. **Exhibit A-2.10** shows the difference between the repayment plan established in the 2017 session and the plan proposed in the 2018 session. In total, the revised plan proposes to defer \$31.9 million in fiscal 2019 and reprograms those funds for future years. The proposed deferral includes \$15.0 million that is reduced contingent upon a provision in the BRFA of 2018 amending the mandated portion of the funding repayment schedule.

**Exhibit A-2.10**  
**Transfer Tax Replacement Plan**  
**Comparison of 2017 and 2018 Session Repayment Plan**  
**Fiscal 2018-2029**  
**(\$ in Millions)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2029</u>	<u>Total</u>
<b>2017 Session</b>							
MARBIDCO (Fiscal 2006 Transfer)	\$2.5	\$2.5	\$0.0	\$0.0	\$0.0	\$0.0	\$5.0
POS (Fiscal 2006 Transfer)	0.0	15.0	15.0	15.0	0.0	0.0	45.0
Park Development (Fiscal 2006 Transfer)	0.0	6.0	6.0	6.0	6.0	16.0	40.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	16.9	16.9	16.9	12.7	88.8	152.2
<b>Total</b>	<b>\$2.5</b>	<b>\$40.4</b>	<b>\$37.9</b>	<b>\$37.9</b>	<b>\$18.7</b>	<b>\$104.8</b>	<b>\$242.2</b>
<b>2018 Session</b>							
MARBIDCO (Fiscal 2006 Transfer)	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	\$0.0	\$12.5
POS (Fiscal 2006 Transfer)	0.0	0.0	12.5	12.5	12.5	0.0	37.5
Park Development (Fiscal 2006 Transfer)	0.0	6.0	6.0	6.0	6.0	16.0	40.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	0.0	25.4	25.4	12.7	88.8	152.2
<b>Total</b>	<b>\$2.5</b>	<b>\$8.5</b>	<b>\$46.4</b>	<b>\$46.4</b>	<b>\$33.7</b>	<b>\$104.8</b>	<b>\$242.2</b>
<b>Difference</b>							
MARBIDCO (Fiscal 2006 Transfer)	\$0.0	\$0.0	\$2.5	\$2.5	\$2.5	\$0.0	\$7.5
POS (Fiscal 2006 Transfer)	0.0	-15.0	-2.5	-2.5	12.5	0.0	-7.5
Park Development (Fiscal 2006 Transfer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	-16.9	8.5	8.5	0.0	0.0	0.0
<b>Total</b>	<b>\$0.0</b>	<b>-\$31.9</b>	<b>\$8.5</b>	<b>\$8.5</b>	<b>\$15.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation  
POS: Program Open Space

- ***Payback for Fiscal 2006 Transfer Tax (to Be Distributed through the Transfer Tax Formula):*** Chapter 10 requires \$15.0 million in each of fiscal 2019 through 2021 for a total repayment of \$45.0 million. A provision in the BRFA of 2018 amends the repayment schedule by deferring the \$15.0 million required in fiscal 2019 to 2022, essentially moving back by one year the total repayment requirement. Another provision in the BRFA of 2018 reduces the \$15.0 million required repayments in fiscal 2020 through 2022 by \$2.5 million and instead mandates that the funding be used by MARBIDCO for the Next Generation Farmland Acquisition Program.
- ***Payback for Fiscal 2006 Transfer Tax for Critical Maintenance/Natural Resources Development Fund:*** Chapter 10 requires that \$6.0 million in each of fiscal 2019 through 2024 and \$4.0 million in fiscal 2025 be used to fund the DNR Critical Maintenance and Natural Resources Development Fund projects. The statutory repayment schedule remains unchanged in the fiscal 2019 budget.
- ***Payback for Fiscal 2016 to 2018 Transfer Tax (to Be Distributed through the Transfer Tax Formula):*** Chapter 10 requires the repayment of \$152.2 million as follows: one-third by fiscal 2021; two-thirds by fiscal 2025; and the full amount by fiscal 2029. This provision provides for some annual funding flexibility, and the fiscal 2019 budget programs this in equal installments of \$25.4 million in each of fiscal 2020 and 2021, which is revised from what the Administration programmed in the 2017 session that called for equal annual installments of \$16.9 million in each of fiscal 2019 through 2021.

### **BRFA Provisions Impacting Fiscal 2019**

**Exhibit A-2.11** shows the fiscal 2019 revenue and expenditures for the transfer tax as modified by the two BRFA provisions affecting fiscal 2019. The first BRFA provision delayed the \$15.0 million repayment of fiscal 2006 transfer tax revenues transferred to the General Fund, which had the effect of reducing the operating budget appropriations by \$2.3 million for the Forest Service and the Maryland Park Service within DNR's operating budget and by \$12.7 million for DNR and the Maryland Department of Agriculture PAYGO capital programs. The reduction to the PAYGO capital programs was allocated as follows: \$6.1 million for POS – State; \$3.4 million for POS – Local; \$750,000 for the Rural Legacy Program; and \$2.6 million for the Maryland Agricultural Land Preservation Foundation.

**Exhibit A-2.11**  
**Transfer Tax Funding Under Statute and the BRFA Provision**  
**Fiscal 2019**

	<b>Base Budget Without BRFA Adjustments</b>	<b>BRFA Adjustment – \$15.0 Million Repayment Pushed Out</b>	<b>BRFA Adjustment – Accounting for State Share</b>	<b>Final Budget</b>
<b>Revenues</b>				
Revenue Estimate	\$221.9	\$0.0	\$0.0	\$221.9
Overattainment	25.1	0.0	0.0	25.1
Transfer to General Fund	0.0	0.0	0.0	0.0
Repayment – Fiscal 2006 Transfer – Critical Maintenance/Natural Resources Development Fund	6.0	0.0	0.0	6.0
Repayment – Fiscal 2006 Transfer – Distributed through Formula	15.0	-15.0	0.0	0.0
<b>Total Revenue</b>	<b>\$268.0</b>	<b>-\$15.0</b>	<b>\$0.0</b>	<b>\$253.0</b>
<b>Expenditures</b>				
Administrative Expenses	\$6.7	\$0.0	\$0.0	\$6.7
Debt Service	7.1	0.0	0.0	7.1
Heritage Areas Authority	6.0	0.0	0.0	6.0
Forest and Maryland Park Service	38.4	-2.3	0.6	36.7
DNR – Land Acquisition and Planning				
Program Open Space – State Share	62.0	-6.1	-1.9	54.0
Program Open Space – Local Share	55.8	-3.4	0.9	53.3
Rural Legacy Program	20.8	-0.8	0.0	20.0
Natural Resources Development Fund	14.4	0.0	0.4	14.8
Critical Maintenance Program	13.0	0.0	0.0	13.0
Ocean City Beach Maintenance	1.0	0.0	0.0	1.0
Maryland Department of Agriculture – Maryland Agricultural Land Preservation Foundation	43.0	-2.6	0.0	40.5
<b>Total Expenditures</b>	<b>\$268.0</b>	<b>-\$15.0</b>	<b>\$0.0</b>	<b>\$253.0</b>

BRFA: Budget Reconciliation and Financing Act

The second BRFA provision clarified that the additional transfer tax funding above \$3.0 million that is authorized to be allocated to the Maryland Heritage Areas Authority Financing Fund per Chapters 660 and 661 of 2017 (POS – Authorized Transfer to the Maryland Heritage Areas Authority Financing Fund – Increase) is to be taken solely out of the funding attributable to the POS – State funding for the land acquisitions portion of the transfer tax allocation formula. This holds harmless the funding allocated to the Forest Service and Maryland Park Service, and the POS – Local share. The Administration submitted Supplemental Budget No. 3, which included a provision that modified the transfer tax formula allocation in order to hold the Maryland Park Service and the Forest Service and the POS – Local share funding harmless from the additional \$3.0 million allocated to the Maryland Heritage Areas Authority Financing Fund. As a result of the revised appropriations, there was a decrease of \$1.9 million for the POS – State share, which was offset by increases of \$0.6 million for the Maryland Park Service and Forest Service, \$0.9 million for the POS – Local component, and an increase of \$0.4 million for the Natural Resources Development Fund.

## State Aid to Local Governments

### Overview

State aid to local governments will total \$7.7 billion in fiscal 2019, representing a \$226.3 million, or 3.0%, increase over fiscal 2018. Direct aid will increase by \$228.1 million and State funding for retirement payments will decrease by \$1.8 million. As in prior years, local school systems will receive the largest increase in State funding. **Exhibit A-3.1** compares State aid by governmental entity in fiscal 2018 and 2019.

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**Exhibit A-3.1**  
**State Aid to Local Governments**  
**Fiscal 2018 and 2019**  
**(\$ in Millions)**

	<u>2018</u>	<u>2019</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$5,647.1	\$5,817.7	\$170.6	3.0%
Libraries	58.4	60.3	1.9	3.3%
Community Colleges	273.1	278.3	5.2	1.9%
Local Health	51.1	51.4	0.3	0.6%
County/Municipal	691.7	741.8	50.1	7.2%
<b>Subtotal – Direct Aid</b>	<b>\$6,721.4</b>	<b>\$6,949.5</b>	<b>\$228.1</b>	<b>3.4%</b>
Retirement Payments	\$799.4	\$797.6	-\$1.8	-0.2%
<b>Total</b>	<b>\$7,520.8</b>	<b>\$7,747.1</b>	<b>\$226.3</b>	<b>3.0%</b>

Source: Department of Legislative Services

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### Legislative Actions

The General Assembly approved several measures during the 2018 legislative session that affect State funding for local governments. **Exhibit A-3.2** shows the net local impact in fiscal 2019 of enhancements and reductions to State aid, resulting in a gain for local governments of \$45.1 million. As noted, disbursement of a portion of fiscal 2019 enhanced funding authorized by the General Assembly is at the discretion of the Governor.

**Exhibit A-3.2**  
**Changes to State Aid Programs**  
**Fiscal 2019**  
**(\$ in Millions)**

<b>State Aid Enhancements</b>	
School Safety Grants <sup>1</sup>	\$13.1
Foundation Special Grants	13.0
Learning in Extended Academic Programs Grant Program <sup>2</sup>	4.5
Maryland Early Literacy Initiative <sup>2</sup>	2.5
Career and Technology Education Innovation Grant Program <sup>2</sup>	2.0
Community College Supplemental Grants	2.0
County/Municipal Transportation Grants	19.5
Pretrial Services	1.0
<b>Total Enhancements</b>	<b>\$57.6</b>
<b>State Aid Reductions</b>	
Public School Opportunities	\$4.5
Next Generation Scholars	0.3
Teacher Induction, Retention, and Advancement Program	2.0
Quality Teacher Stipends	1.3
Anne Arundel Teacher Pilot Program	1.9
Program Open Space	2.5
<b>Total Reductions</b>	<b>\$12.5</b>
<b>Total Local Impact</b>	<b>\$45.1</b>

<sup>1</sup> Reflects funding by the General Assembly in the fiscal 2019 budget; however, funding of \$10.0 million of this amount is at the discretion of the Governor.

<sup>2</sup> Reflects funding by the General Assembly in the fiscal 2019 budget; however, funding is at the discretion of the Governor.

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**Enhanced State Funding for Education**

*Senate Bill 1122 (passed)* proposes a constitutional amendment that, if approved by the voters at the next general election, would require the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125.0 million in fiscal 2020, \$250.0 million in fiscal 2021, and \$375.0 million in fiscal 2022. In

all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding.

In addition, *Senate Bill 187 (Ch. 10)*, the Budget Reconciliation and Financing Act (BRFA) of 2018, credits \$200.0 million in income tax revenue to a special fund to support the implementation of the recommendations of the Commission on Innovation and Excellence in Education. Chapters 701 and 702 of 2016 established the commission to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten.

*House Bill 1415 (passed)* extends the deadline for the Commission on Innovation and Excellence in Education to complete its work by one year and largely reflects several recommendations within the commission's preliminary report. Among other provisions, the bill increases annual State funding for prekindergarten expansion from \$4.3 million to \$26.6 million, beginning in fiscal 2020, and establishes three new public school State aid programs while altering funding levels for the Public School Opportunities Enhancement Program. These changes to State aid are discussed further below, as well as in the subpart "Primary and Secondary Education" within Part L – Education of this *90 Day Report*.

Also, the General Assembly authorized \$13.1 million in new State funding for public school safety grants in fiscal 2019; however, \$10.0 million of this funding is at the discretion of the Governor. These State grants, as well as capital budget spending on school safety, are discussed in further detail in the subpart "Education – Misc." within Part L – Education of this *90 Day Report*.

## Changes by Program

Direct State aid for Baltimore City and all counties in Maryland increases in fiscal 2019; however, State aid for retirement increases for only nine counties. **Exhibit A-3.3** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. **Exhibit A-3.4** shows total State aid in fiscal 2018 and 2019 by program. A more detailed discussion of the changes in State aid in fiscal 2019 follows the exhibits.

**Exhibit A-3.3**  
**State Aid to Local Governments**  
**Fiscal 2019 Legislative Appropriation**  
**(\$ in Thousands)**

County	County – Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over FY 2018	Percent Change
			Public Schools	Libraries	Health						
Allegheny	\$17,010	\$6,748	\$83,623	\$817	\$1,548	\$109,746	\$8,487	\$118,233	\$3,708	3.2%	
Anne Arundel	52,938	31,031	367,789	2,350	4,246	458,354	68,006	526,360	13,482	2.6%	
Baltimore City	310,076	0	859,699	9,378	8,367	1,187,520	64,468	1,251,987	3,032	0.2%	
Baltimore	33,769	43,763	679,023	6,210	5,519	768,285	96,656	864,941	26,751	3.2%	
Calvert	6,241	2,826	82,487	482	638	92,673	13,790	106,462	1,391	1.3%	
Caroline	5,121	1,680	56,873	317	796	64,788	4,889	69,676	2,738	4.1%	
Carroll	7,658	9,107	133,158	1,032	1,722	152,677	20,744	173,421	1,925	1.1%	
Cecil	9,752	6,776	108,273	840	1,160	126,801	13,792	140,594	2,201	1.6%	
Charles	5,737	9,184	184,234	1,107	1,512	201,775	22,856	224,630	12,631	6.0%	
Dorchester	4,994	1,300	43,746	296	755	51,093	3,926	55,019	1,298	2.4%	
Frederick	10,916	11,304	249,692	1,493	2,160	275,565	33,135	308,700	8,783	2.9%	
Garrett	6,567	4,015	22,198	163	733	33,675	3,484	37,160	2,356	6.8%	
Harford	10,030	12,476	212,003	1,672	2,383	238,564	30,142	268,706	5,055	1.9%	
Howard	12,325	20,672	257,552	983	1,781	293,313	60,719	354,032	14,644	4.3%	
Kent	1,484	551	10,062	103	605	12,805	1,875	14,681	497	3.5%	
Montgomery	40,974	51,286	716,448	3,236	4,039	815,984	170,140	986,123	36,452	3.8%	
Prince George's	109,742	31,632	1,142,893	7,477	6,458	1,298,201	116,211	1,414,412	38,620	2.8%	
Queen Anne's	2,576	2,156	35,906	175	618	41,431	6,305	47,736	1,474	3.2%	
St. Mary's	4,023	3,130	107,279	772	1,092	116,296	13,690	129,987	2,448	1.9%	
Somerset	7,694	836	32,599	303	589	42,021	2,813	44,833	1,493	3.4%	
Talbot	3,081	1,849	14,859	116	569	20,473	3,742	24,215	975	4.2%	
Washington	8,928	9,503	179,902	1,361	1,887	201,580	17,906	219,487	5,382	2.5%	
Wicomico	15,982	5,627	148,289	1,091	1,355	172,344	12,742	185,086	4,714	2.6%	
Worcester	7,924	2,430	20,037	159	840	31,390	7,115	38,506	957	2.5%	
Unallocated	46,241	8,439	69,091	18,380	0	142,150	0	142,150	33,320	30.6%	
<b>Total</b>	<b>\$741,783</b>	<b>\$278,322</b>	<b>\$5,817,715</b>	<b>\$60,313</b>	<b>\$51,372</b>	<b>\$6,949,505</b>	<b>\$797,633</b>	<b>\$7,747,138</b>	<b>\$226,327</b>	<b>3.0%</b>	

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

**Exhibit A-3.3 (Cont.)**  
**State Aid to Local Governments**  
**Fiscal 2018 Working Appropriation**  
**(\$ in Thousands)**

<b>County</b>	<i>Direct State Aid</i>						<b>Retirement</b>	<b>Total</b>
	<b>County – Municipal</b>	<b>Community Colleges</b>	<b>Public Schools</b>	<b>Libraries</b>	<b>Health</b>	<b>Subtotal</b>		
Allegheny	\$15,054	\$6,630	\$81,590	\$787	\$1,592	\$105,654	\$8,872	\$114,526
Anne Arundel	48,688	31,069	358,221	2,252	4,171	444,402	68,476	512,877
Baltimore City	304,268	0	860,075	9,250	8,219	1,181,812	67,144	1,248,956
Baltimore	28,886	43,584	659,101	5,971	5,421	742,962	95,228	838,190
Calvert	5,036	2,680	82,382	450	642	91,189	13,882	105,071
Caroline	4,740	1,577	54,791	300	818	62,227	4,711	66,939
Carroll	6,356	8,666	133,042	995	1,707	150,765	20,732	171,497
Cecil	8,447	6,179	108,156	805	1,150	124,736	13,657	138,393
Charles	4,615	9,178	172,452	1,057	1,506	188,808	23,191	211,999
Dorchester	4,595	1,243	42,782	285	819	49,723	3,998	53,721
Frederick	9,191	10,857	242,226	1,445	2,178	265,896	34,021	299,917
Garrett	4,607	3,935	21,741	151	771	31,205	3,599	34,804
Harford	8,460	12,070	209,320	1,604	2,361	233,816	29,835	263,651
Howard	9,959	19,705	246,865	940	1,760	279,230	60,158	339,388
Kent	1,257	528	9,877	95	625	12,383	1,800	14,183
Montgomery	34,789	49,860	690,234	3,120	3,968	781,970	167,701	949,672
Prince George's	100,581	30,496	1,113,649	7,402	6,349	1,258,476	117,316	1,375,792
Queen Anne's	2,091	1,917	35,051	170	628	39,857	6,405	46,261
St. Mary's	3,258	3,084	105,631	719	1,078	113,769	13,769	127,538
Somerset	6,705	838	32,159	287	579	40,569	2,772	43,340
Talbot	2,676	1,817	14,283	113	605	19,493	3,747	23,240
Washington	7,596	9,400	175,586	1,294	1,889	195,766	18,339	214,105
Wicomico	14,449	5,107	145,605	1,051	1,347	167,559	12,812	180,371
Worcester	7,054	2,269	19,925	155	901	30,304	7,245	37,549
Unallocated	48,344	10,404	32,375	17,707	0	108,831	0	108,831
<b>Total</b>	<b>\$691,700</b>	<b>\$273,094</b>	<b>\$5,647,119</b>	<b>\$58,404</b>	<b>\$51,083</b>	<b>\$6,721,401</b>	<b>\$799,410</b>	<b>\$7,520,811</b>

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

**Exhibit A-3.3 (Cont.)**  
**State Aid to Local Governments**  
**Dollar Difference Between Fiscal 2019 Legislative Appropriation and Fiscal 2018 Appropriation**  
**(\$ in Thousands)**

County	<i>Direct State Aid</i>						Retirement	Total
	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegheny	\$1,956	\$118	\$2,033	\$29	-\$44	\$4,093	-\$385	\$3,708
Anne Arundel	4,250	-39	9,568	98	75	13,952	-470	13,482
Baltimore City	5,808	0	-376	128	148	5,708	-2,676	3,032
Baltimore	4,883	180	19,923	240	98	25,323	1,428	26,751
Calvert	1,205	146	105	32	-4	1,484	-92	1,391
Caroline	381	102	2,082	17	-22	2,561	177	2,738
Carroll	1,303	441	116	38	15	1,913	12	1,925
Cecil	1,306	597	117	35	10	2,065	135	2,201
Charles	1,123	6	11,782	50	6	12,967	-335	12,631
Dorchester	400	57	964	12	-63	1,370	-72	1,298
Frederick	1,725	447	7,466	48	-18	9,669	-886	8,783
Garrett	1,959	80	457	13	-38	2,471	-115	2,356
Harford	1,569	406	2,683	68	22	4,748	306	5,055
Howard	2,366	967	10,687	43	21	14,084	561	14,644
Kent	227	23	185	7	-20	422	75	497
Montgomery	6,185	1,427	26,214	116	71	34,014	2,438	36,452
Prince George's	9,161	1,136	29,244	75	109	39,725	-1,105	38,620
Queen Anne's	485	239	854	5	-10	1,574	-100	1,474
St. Mary's	765	46	1,648	53	14	2,527	-79	2,448
Somerset	989	-2	440	15	10	1,452	41	1,493
Talbot	404	32	576	3	-36	980	-5	975
Washington	1,332	102	4,316	67	-2	5,814	-433	5,382
Wicomico	1,533	520	2,683	40	9	4,785	-71	4,714
Worcester	870	161	112	5	-62	1,086	-129	957
Unallocated	-2,103	-1,966	36,716	673	0	33,320	0	33,320
<b>Total</b>	<b>\$50,082</b>	<b>\$5,228</b>	<b>\$170,596</b>	<b>\$1,908</b>	<b>\$289</b>	<b>\$228,104</b>	<b>-\$1,777</b>	<b>\$226,327</b>

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

**Exhibit A-3.3 (Cont.)**  
**State Aid to Local Governments**  
**Percent Change: Fiscal 2019 Legislative Appropriation over Fiscal 2018 Appropriation**

<b>County</b>	<i>Direct State Aid</i>						<b>Retirement</b>	<b>Total</b>
	<b>County – Municipal</b>	<b>Community Colleges</b>	<b>Public Schools</b>	<b>Libraries</b>	<b>Health</b>	<b>Subtotal</b>		
Allegany	13.0%	1.8%	2.5%	3.7%	-2.8%	3.9%	-4.3%	3.2%
Anne Arundel	8.7%	-0.1%	2.7%	4.4%	1.8%	3.1%	-0.7%	2.6%
Baltimore City	1.9%	n/a	0.0%	1.4%	1.8%	0.5%	-4.0%	0.2%
Baltimore	16.9%	0.4%	3.0%	4.0%	1.8%	3.4%	1.5%	3.2%
Calvert	23.9%	5.4%	0.1%	7.1%	-0.6%	1.6%	-0.7%	1.3%
Caroline	8.0%	6.5%	3.8%	5.6%	-2.7%	4.1%	3.8%	4.1%
Carroll	20.5%	5.1%	0.1%	3.8%	0.9%	1.3%	0.1%	1.1%
Cecil	15.5%	9.7%	0.1%	4.4%	0.9%	1.7%	1.0%	1.6%
Charles	24.3%	0.1%	6.8%	4.7%	0.4%	6.9%	-1.4%	6.0%
Dorchester	8.7%	4.6%	2.3%	4.1%	-7.7%	2.8%	-1.8%	2.4%
Frederick	18.8%	4.1%	3.1%	3.3%	-0.8%	3.6%	-2.6%	2.9%
Garrett	42.5%	2.0%	2.1%	8.3%	-5.0%	7.9%	-3.2%	6.8%
Harford	18.5%	3.4%	1.3%	4.2%	0.9%	2.0%	1.0%	1.9%
Howard	23.8%	4.9%	4.3%	4.6%	1.2%	5.0%	0.9%	4.3%
Kent	18.1%	4.3%	1.9%	7.5%	-3.2%	3.4%	4.2%	3.5%
Montgomery	17.8%	2.9%	3.8%	3.7%	1.8%	4.3%	1.5%	3.8%
Prince George's	9.1%	3.7%	2.6%	1.0%	1.7%	3.2%	-0.9%	2.8%
Queen Anne's	23.2%	12.4%	2.4%	3.0%	-1.5%	3.9%	-1.6%	3.2%
St. Mary's	23.5%	1.5%	1.6%	7.4%	1.3%	2.2%	-0.6%	1.9%
Somerset	14.7%	-0.2%	1.4%	5.3%	1.8%	3.6%	1.5%	3.4%
Talbot	15.1%	1.8%	4.0%	2.7%	-6.0%	5.0%	-0.1%	4.2%
Washington	17.5%	1.1%	2.5%	5.2%	-0.1%	3.0%	-2.4%	2.5%
Wicomico	10.6%	10.2%	1.8%	3.8%	0.6%	2.9%	-0.6%	2.6%
Worcester	12.3%	7.1%	0.6%	3.1%	-6.9%	3.6%	-1.8%	2.5%
Unallocated	-4.4%	-18.9%	113.4%	3.8%	n/a	30.6%	-100.0%	30.6%
<b>Total</b>	<b>7.2%</b>	<b>1.9%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>0.6%</b>	<b>3.4%</b>	<b>-0.2%</b>	<b>3.0%</b>

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

**Exhibit A-3.4**  
**Total State Aid to Local Governments**

<u>Program</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Difference</u>
Foundation Aid	\$3,005,269,724	\$3,056,189,470	\$50,919,746
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index	139,126,929	141,573,510	2,446,581
Net Taxable Income Education Grants	49,169,986	62,523,818	13,353,832
Tax Increment Financing Education Grants	422,107	535,094	112,987
Foundation – Special Grants	0	12,955,602	12,955,602
Declining Enrollment Education Grants	17,243,982	18,663,687	1,419,705
Compensatory Education	1,305,545,022	1,308,336,290	2,791,268
Student Transportation – Regular	250,620,360	256,452,211	5,831,851
Student Transportation – Special Education	25,721,000	26,133,000	412,000
Special Education – Formula	284,873,467	290,812,794	5,939,327
Special Education – Nonpublic Placements	123,617,898	123,500,000	-117,898
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	248,683,743	288,041,382	39,357,639
Guaranteed Tax Base	50,304,279	48,169,682	-2,134,597
Prekindergarten Expansion Program	7,972,000	11,644,000	3,672,000
Prekindergarten Supplemental Grants	10,946,103	16,039,177	5,093,074
School Safety Grants	0	13,100,000	13,100,000
Food Service	11,236,664	11,236,664	0
SEED School	10,372,414	10,450,207	77,793
Judy Hoyer Centers	10,575,000	10,575,000	0
Aging Schools	6,108,990	6,108,990	0
Teacher Development	3,655,000	6,520,000	2,865,000
Adult Education	8,011,986	8,011,986	0
Next Generation Scholars	4,700,000	4,700,000	0
Public School Opportunities	2,500,000	3,000,000	500,000
Heroin and Opioid Education	0	3,000,000	3,000,000
Out-of-county Foster Placements	2,000,000	2,000,000	0
Head Start	1,800,000	1,800,000	0
Other Education Aid	9,633,597	18,633,599	9,000,002
<b>Total Primary and Secondary Education</b>	<b>\$5,647,119,438</b>	<b>\$5,817,715,350</b>	<b>\$170,595,912</b>
Library Formula	\$40,697,196	\$41,932,865	\$1,235,669
Library Network	17,707,258	18,380,048	672,790
<b>Total Libraries</b>	<b>\$58,404,454</b>	<b>\$60,312,913</b>	<b>\$1,908,459</b>

<u>Program</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Difference</u>
Community College Formula	\$235,154,740	\$240,447,311	\$5,292,571
Optional Retirement	17,328,664	17,328,000	-664
Grants for ESOL Programs	5,500,075	5,548,721	48,646
Small College Grants	4,105,898	5,959,101	1,853,203
Other Community College Aid	11,004,492	9,038,669	-1,965,823
<b>Total Community Colleges</b>	<b>\$273,093,869</b>	<b>\$278,321,802</b>	<b>\$5,227,933</b>
Highway User Revenue	\$175,501,536	\$178,132,608	\$2,631,072
County Transportation Grants	18,281,411	35,451,141	17,169,730
Municipal Transportation Grants	20,109,553	22,480,289	2,370,736
Elderly and Disabled Transportation Aid	4,305,908	4,305,908	0
Paratransit Grants	1,726,068	1,726,068	0
<b>Total Transportation</b>	<b>\$219,924,476</b>	<b>\$242,096,014</b>	<b>\$22,171,538</b>
Police Aid	\$73,714,998	\$74,457,216	\$742,218
Fire and Rescue Aid	15,000,000	15,000,000	0
9-1-1 Grants	14,400,000	14,400,000	0
Baltimore City Direct Police Grant	9,180,112	9,180,112	0
Safe Streets Program	4,589,746	4,589,746	0
State's Attorney Grants	3,228,840	3,228,840	0
Violent Crime Grants	2,292,489	2,292,489	0
Vehicle Theft Prevention	1,869,160	1,886,020	16,860
Drug Enforcement Grants	1,214,610	1,214,610	0
Other Public Safety Aid	6,061,509	6,436,509	375,000
<b>Total Public Safety</b>	<b>\$131,551,464</b>	<b>\$132,685,542</b>	<b>\$1,134,078</b>
Program Open Space	\$40,713,279	\$58,787,824	\$18,074,545
Wastewater Treatment – Nutrient Removal	7,000,000	7,000,000	0
Critical Area Grants	253,900	252,700	-1,200
<b>Total Recreation/Environment</b>	<b>\$47,967,179</b>	<b>\$66,040,524</b>	<b>\$18,073,345</b>
<b>Local Health Formula</b>	<b>\$51,082,940</b>	<b>\$51,372,156</b>	<b>\$289,216</b>
<b>Disparity Grant</b>	<b>\$138,825,071</b>	<b>\$140,804,172</b>	<b>\$1,979,101</b>
Gaming Impact Grants	\$85,879,158	\$87,243,802	\$1,364,644
Teachers Retirement Supplemental Grants	27,658,661	27,658,661	0
Neighborhood Revitalization	25,625,000	28,500,000	2,875,000
Statewide Voting Systems	7,496,181	5,471,244	-2,024,937
Revenue Equity Program	0	3,303,370	3,303,370
Payments in Lieu of Taxes (PILOT)	1,070,492	2,195,492	1,125,000

<u>Program</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Difference</u>
PILOT – Park Service	2,623,953	2,291,673	-332,280
PILOT – Forest Service	282,898	146,208	-136,690
Instant Bingo	2,031,606	2,581,588	549,982
Senior Citizens Activities Center	764,003	764,238	235
<b>Total Other Direct Aid</b>	<b>\$153,431,952</b>	<b>\$160,156,276</b>	<b>\$6,724,324</b>
<b>Total Direct Aid</b>	<b>\$6,721,400,843</b>	<b>\$6,949,504,749</b>	<b>\$228,103,906</b>
Retirement – Teachers	\$734,454,249	\$732,920,781	-\$1,533,468
Retirement – Libraries	20,338,949	20,645,412	306,463
Retirement – Community Colleges	44,616,771	44,067,171	-549,600
<b>Total Payments-in-behalf</b>	<b>\$799,409,969</b>	<b>\$797,633,364</b>	<b>-\$1,776,605</b>
<b>Total State Aid</b>	<b>\$7,520,810,812</b>	<b>\$7,747,138,113</b>	<b>\$226,327,301</b>

ESOL: English for Speakers of Other Languages

SEED: School of Education Evaluation and Development

### 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 is \$7,065, an increase of 0.8%, which is well below the 5% cap on the annual growth in the per pupil foundation amount. The student enrollment count used for the program totals 860,806 students. Enrollment for the formula is based on the September 30, 2017 full-time equivalent (FTE) enrollment count. Less affluent local school systems, as measured by assessable base and net taxable income (NTI), receive relatively more aid per pupil than wealthier school systems. The State provides funding for approximately half of the program's cost. State aid under the foundation program will total \$3.1 billion in fiscal 2019, a \$50.9 million, or 1.7%, increase from the prior year.

In addition, \$46.6 million in supplemental grants will be provided to nine local school systems in fiscal 2019. The supplemental grants were first established during the 2007 special session to guarantee increases of at least 1% in State education aid for all local school systems during two years, fiscal 2009 and 2010, and that inflationary increases for the per pupil foundation amount were eliminated. The fiscal 2019 budget also includes a total of \$13.0 million in discretionary foundation funding. Most (\$11.2 million) of this additional funding benefits Baltimore City, while Calvert, Carroll, and Cecil counties also gain funding.

**Geographic Cost of Education Index:** This formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. Chapter 477 of 2015 made funding of the program mandatory rather than discretionary, contingent upon full funding not being provided in the fiscal 2016 operating budget; since the Governor did not release funds set aside by the General Assembly (\$68.1 million) to fund the Geographic Cost of Education Index (GCEI) at 100% in fiscal 2016, full funding became mandatory beginning in fiscal 2017. Thirteen local school systems receive a total of \$141.6 million in fiscal 2019 from the GCEI formula, an increase of \$2.4 million over fiscal 2018.

**Net Taxable Income Grants:** Pursuant to Chapter 4 of 2013, 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 higher State aid amount resulting from the two calculations. The scheduled phase-in of the grants was delayed by one year beginning in fiscal 2016. Fiscal 2019 funding of NTI grants totals \$62.5 million, a \$13.4 million, or 27.2%, increase compared to fiscal 2018. Fiscal 2018 grants were based on an 80% phase-in schedule; the grants are fully funded beginning with fiscal 2019.

**Tax Increment Financing Grants:** Chapter 258 of 2016 provides grants, for fiscal 2018 and 2019, to counties that establish a tax increment financing (TIF) development district after May 1, 2016, and that qualify for State disparity grant funding. State education aid must be calculated twice for eligible counties: once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district. A county receives a State grant to ensure it receives the higher amount of State aid for education between the two calculations. Baltimore City receives a grant of \$535,100 in fiscal 2019, an increase of \$113,000, or 26.8%, over fiscal 2018. Under [\*Senate Bill 612/House Bill 693 \(both passed\)\*](#), the termination date for the program is repealed, with additional funding for Baltimore City increasing to approximately \$1.4 million by fiscal 2023.

**Declining Enrollment Grants:** Under Chapters 6 and 607 of 2017, school systems in eight counties benefit from \$18.7 million in declining enrollment grants in fiscal 2019, an increase of \$1.4 million over fiscal 2018 grant funding. Baltimore City receives \$16.0 million of these funds, while seven counties also benefit from grants.

**Compensatory Education Program:** 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 share of program cost is 50%, with the State paying no less than 40% of the funding for each local school system. State aid under the compensatory education program will total \$1.3 billion in fiscal 2019. Declining enrollment for the program is more than offset by an inflationary increase in per pupil funding, resulting in a \$2.8 million, or 0.2%, increase over the prior year. The student enrollment count used for the program totals 367,916.

**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. 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 2019 budget includes \$256.4 million for regular transportation services and \$26.1 million for special transportation services. This represents a \$6.2 million, or 2.3%, increase from the prior year.

**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% of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. The State share of program cost is 50% statewide with a floor of 40% for each local school system. The student enrollment count used for the program totals 107,664. State formula funding for public special education programs will total \$290.8 million in fiscal 2019, a \$5.9 million, or 2.1%, increase over the prior year. Funding for nonpublic placements totals \$123.5 million in fiscal 2019, a \$117,900, or 0.1%, decrease. The costs for these students, who are placed in nonpublic day or residential facilities, are shared by the local school system and the State. The local school system contributes an amount equal to the local share of the basic cost of educating a child without disabilities plus two times the total basic cost. Any costs above this are split 70% State/30% local.

**Infants and Toddlers Program:** This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children until the beginning of the school year following a child's fourth birthday. State funding for infants and toddlers programs will total \$10.4 million in fiscal 2019, the same annual amount that has been provided since fiscal 2009.

**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. State funding for the program will total \$288.0 million in fiscal 2019, representing a \$39.4 million, or 15.8%, increase over the prior year. This considerable increase is due both to increased enrollment for the program as well as the adoption of more rigorous English proficiency standards for exit from the program. The number of LEP students totals 79,656 for the 2017-2018 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. Ten local school systems will qualify for grants totaling \$48.2 million in fiscal 2019, a decrease of \$2.1 million from the prior year.

***Prekindergarten Funding:*** The Prekindergarten Expansion Act of 2014 expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines (FPG) by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget has included \$4.3 million for the expansion program in fiscal 2015 through 2017. In 2014, Maryland was also awarded a federal grant that provides \$15.0 million annually through fiscal 2019 to continue the expansion of public prekindergarten. In its grant application, the State committed to matching funds of \$3.7 million in fiscal 2018 and \$7.3 million in fiscal 2019 to provide access to high-quality prekindergarten to families with incomes between 200% and 300% of FPG. Pursuant to Chapters 683 and 684 of 2016, the Governor must include an appropriation in the budget for the amount that the State committed to fund as the State match to the federal grant in addition to the amount required under preexisting law for the State Prekindergarten Expansion Grant Program. Thus, State funding totaled \$8.0 million in fiscal 2018 and totals \$11.6 million in the fiscal 2019 budget. Under [\*House Bill 1415\*](#), beginning in fiscal 2020, mandatory annual State funding increases from \$4.3 million to \$26.6 million.

Also, per Chapters 6 and 607 of 2017, Baltimore City as well as Garrett, Kent, and Somerset counties receive prekindergarten supplemental grants totaling \$16.0 million in fiscal 2019. This amounts to an increase of \$5.1 million over fiscal 2018, in accordance with the phase-in of these grants through fiscal 2020.

***School Safety Grants:*** The General Assembly authorized \$13.1 million in new State funding for public school safety grants in fiscal 2019; however, \$10.0 million of this funding is at the discretion of the Governor and \$2.5 million is allocated to mandatory school safety evaluations.

***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 2019 budget includes \$11.2 million for food and nutrition services, level with the prior year. However, the General Assembly passed legislation that will increase State aid for school meals, beginning in fiscal 2020. [\*Senate Bill 740/House Bill 315 \(both passed\)\*](#) make the State responsible for the student share of the costs of (1) reduced-price breakfasts provided under the federal School Breakfast Program and (2) reduced-price lunches provided under the National School Lunch Program by fiscal 2023, and phases in this responsibility beginning in fiscal 2020. Qualifying public and nonpublic schools are eligible for reimbursement. [\*Senate Bill 818 \(passed\)\*](#) requires minimum annual funding of \$7.6 million for Maryland Meals for Achievement, which will result in a \$650,000 increase in State aid beginning in fiscal 2020.

**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 early childhood educators and statewide implementation of an early childhood assessment system. The fiscal 2019 budget includes \$10.6 million for Judy Hoyer programs and \$1.8 million for Head Start programs. *Senate Bill 373/House Bill 547 (both passed)* require an annual State funding level of \$3.0 million for Head Start, which is named the Ulysses Currie Head Start Program by the legislation. This amounts to a \$1.2 million annual increase, though mandatory funding begins in fiscal 2020.

**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 for the program to be provided in the operating or capital budget. The fiscal 2019 budget includes \$6.1 million in bond funding for the program.

**Teacher Development:** State aid for teacher development totals \$6.5 million in fiscal 2019, an increase of \$2.9 million over the amount provided in fiscal 2018. This amount reflects \$5.2 million in reductions, though the Governor’s proposed budget would have resulted in \$9.0 million in reductions for teacher development.

Funds for Quality Teacher Incentives are used to recruit and retain quality teachers by providing stipends to teachers achieving the National Board of Certification. The BRFA of 2017 reduced the maximum State match for stipends for teachers who hold national certification and work in a comprehensive needs school from \$4,000 to \$2,000 in fiscal 2018, and the fiscal 2019 budget reduces funding from \$4.1 million to \$2.8 million in fiscal 2019. The BRFA of 2018 eliminates the State match of stipends for specified Anne Arundel County Public Schools classroom teachers in fiscal 2019.

Chapter 740 of 2016 established the Teacher Induction, Retention, and Advancement Pilot Program for first-year teachers. The pilot program, in effect through fiscal 2022, is to afford first-year teachers and experienced mentor teachers selected by their local school systems more time on specified professional development activities. Any costs incurred must be borne 80% by the State (up to \$5.0 million annually). However, the BRFA of 2017 reduced the funding level in fiscal 2018 to \$2.1 million, and the BRFA of 2018 reduces the funding level to \$3.0 million in fiscal 2019. The fiscal 2019 budget includes \$96,000 for the Governor’s Teacher Excellence Award Program, which distributes awards to teachers for outstanding performance, and also includes \$600,000 for national certification fees.

**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 GED tests or the National External Diploma Program. The State budget includes \$8.0 million for adult education programs in fiscal 2019, level with fiscal 2018 funding.

**Innovative Programs:** *House Bill 1415* establishes three new innovative programs: the Learning in Extended Academic Programs (LEAP) grant program, the Maryland Early Literacy Initiative, and the Career and Technology Education Innovation grant program. Combined, a total of \$9.0 million in funding is authorized in fiscal 2019 for these programs; however, the transfer of funds for these purposes is at the discretion of the Governor.

The Governor's proposed fiscal 2019 budget would have provided no funding for the Next Generation Scholars of Maryland Program and the Robotics Grant Program, and reduced funding for the Public School Opportunities Enhancement Program by \$5.0 million. The General Assembly restored much of this funding, as described below.

The Public School Opportunities Enhancement Program helps to expand or create extended day and summer enhancement programs and to assist in expanding or supporting existing educational programming during the school day. The General Assembly provided \$3.0 million of the mandated \$7.5 million in annual funding for fiscal 2019. The resulting \$4.5 million reduction is offset by authorized funding for the LEAP grant program. The fiscal 2019 budget includes full funding (\$250,000) for the Robotics Grant Program, which provides grants to public schools and nonprofit robotics clubs to support existing robotics programs and increase the number of robotics programs in the State.

The Next Generation Scholars of Maryland Program assists students in school systems in which at least 50% of the students are from low-income families. Mentorship, graduation guidance, and an intensive summer bridge program are provided to specified students eligible for the Guaranteed Access scholarship for qualified low-income students to attend an institution of higher education. The General Assembly restored \$4.7 million out of the required \$5.0 million in fiscal 2019, resulting in level funding as compared to fiscal 2018.

**School-based Health Centers:** The fiscal 2019 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 virtually level funding since fiscal 2012.

**Healthy Families/Home Visits Program:** The Healthy Families Program aims to promote positive parenting to enhance child health and development and to prevent child abuse and neglect through home visits prenatally through early childhood. Fiscal 2019 funding remains level at \$4.6 million.

**Teachers' Retirement Payments:** State retirement costs for public school teachers and other professional public school personnel will total an estimated \$732.9 million in fiscal 2019, slightly (0.2%) less than fiscal 2018 State funding.

### **Local Libraries**

**Library Aid 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. 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. The per-resident amount is set at \$15.50 for fiscal 2019 and is scheduled to increase to \$16.70 annually beginning in fiscal 2022. Fiscal 2019 funding totals \$38.9 million, a \$1.2 million increase compared to fiscal 2018. In addition, per Chapters 714 and 715 of 2016, Baltimore City will receive \$3.0 million to support expanded operations throughout the library system.

**State Library Network:** The State provides funds to libraries designated as resource centers, including the State Library Resource Center in Baltimore City, and to regional resource centers, including the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. Participating regional resource centers must receive a minimum amount of funding for each resident of the area served to be used for operating and capital expenses. Per resident funding for the State Library Resource Center is set at \$1.77 in fiscal 2019 and will phase up to \$1.85 per resident by fiscal 2021. Per resident funding for regional resource centers is set at \$7.95 in fiscal 2019 and will phase up to \$8.75 per resident by fiscal 2022. Fiscal 2019 State library network funding totals \$18.4 million, an increase of \$672,800 over fiscal 2018.

**Retirement Payments:** The State pays 100% of the retirement costs for local library employees. Fiscal 2019 funding totals \$20.6 million, an increase of \$306,500 compared to fiscal 2018.

### Community Colleges

**Senator John A. Cade Formula Funding:** The Cade funding formula aid is based on a percentage (22% in fiscal 2019) of the current year's State aid to selected four-year public higher education institutions and the total number of FTE students at the community colleges. The total is then distributed to each college based on the previous year's direct grant, enrollment, and a small-size factor. Fiscal 2019 funding totals \$240.4 million, an increase of \$5.3 million over fiscal 2018 funding.

**Special Programs:** The fiscal 2019 budget includes \$2.0 million for supplemental grants to community colleges that increase tuition by no more than 2% in the 2018-2019 academic year. This is the second straight year such a grant has been provided. The fiscal 2018 grants total \$4.0 million. State funding in fiscal 2019 will total \$6.0 million for small college grants and \$600,000 for Allegany/Garrett counties unrestricted grants. Chapter 330 of 2017 increased unrestricted grants to small colleges by approximately \$1.7 million annually, beginning in fiscal 2019. Funding for statewide and regional programs will total \$6.4 million. The English as a Second Language Program will receive \$5.5 million, nearly level with the prior year.

**Retirement Payments:** Fiscal 2019 funding totals \$44.1 million, a decrease of \$549,600 compared to fiscal 2018. However, State funding for the optional retirement program totaling \$17.3 million will remain virtually level in fiscal 2019.

## Local Health Departments

The State provides funds to support the delivery of public health services, including child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments. Funding is adjusted annually for inflation and statewide population growth for the second preceding fiscal year. The annual adjustment is generally allocated to each county based on its percentage share of State funds distributed in the previous fiscal year. The need to address a substantial change in community health need, as determined by the Secretary of Health, may also affect allocations of the annual adjustment. *Senate Bill 187*, the BRFA of 2018, initially proposed to level fund the local health formula amount at the fiscal 2018 levels, with an allowance for increases for contractual health insurance costs in certain counties. However, the General Assembly instead set funding for local health grants at \$51.4 million in fiscal 2019, an increase of \$289,200 over the fiscal 2018 amount.

## County and Municipal Governments

**Highway User Revenue:** The State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with the counties and municipalities. Allocations to counties and municipalities are based on the percentage of road miles and vehicle registrations within each local jurisdiction. In fiscal 2019, \$142.9 million (7.7% of HUR) is distributed to Baltimore City; \$27.8 million (1.5%) is distributed to counties; and \$7.4 million (0.4%) is distributed to municipalities, for a total of \$178.1 million.

**Capital Transportation Grants:** The BRFA of 2013 (Chapter 425) included \$15.4 million in fiscal 2014 to fund transportation grants to municipal governments allocated in a manner consistent with the HUR formula. In addition, county governments received \$10.0 million in fiscal 2014 for the purpose of pothole repairs. The fiscal 2015 State budget funded the municipal transportation grants for a second year at \$16.0 million. The fiscal 2016 and 2017 budgets included a total of \$25.0 million for transportation grants to Baltimore City, counties, and municipalities. The fiscal 2018 budget increased the funding for these special grants to \$38.4 million – \$5.5 million for Baltimore City, \$12.8 million for counties, and \$20.1 million for municipalities. The fiscal 2019 budget further increased the funding for these grants to \$57.9 million – \$5.6 million for Baltimore City, \$29.9 million for counties, and \$22.5 million for municipalities.

**House Bill 807 (passed)** requires 100% of the funds in the Gasoline and Motor Vehicle Revenue Account (GMVRA) of the Transportation Trust Fund (TTF) to be retained by the TTF beginning in fiscal 2020. Beginning in that same year, instead of directly sharing GMVRA revenue with local governments, the Maryland Department of Transportation must provide capital transportation grants to local governments based on the amount of revenue allocated to GMVRA. From fiscal 2020 through 2024, 13.5% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%). Beginning in fiscal 2025, 9.6% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this is equivalent to the current GMVRA distribution to localities.

**Elderly/Disabled Transportation Grants:** State funding for elderly/disabled transportation grants will total \$4.3 million in fiscal 2019, while State funding for paratransit grants will total \$1.7 million, which are the same amounts as in fiscal 2018.

**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 laboratory costs relating to evidence-testing services from each county’s formula allocation. Funding for fiscal 2019 totals \$74.5 million, an increase of 1.0% over fiscal 2018.

**Fire, Rescue, and Ambulance Service:** 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 program supports the purchase of fire and rescue equipment and capital building improvements and is funded through the Maryland Emergency Medical System Operations Fund. Fiscal 2019 funding totals \$15.0 million, which is the same as the fiscal 2018 amount.

**9-1-1 Emergency Systems Grants:** The State imposes a \$0.25 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 2019, which is level with fiscal 2018 funding.

**Targeted Public Safety Grants:** State funding for targeted public safety grants will total \$26.9 million in fiscal 2019, representing a \$375,000 increase from the prior year. Funding for fiscal 2019 includes \$11.9 million in targeted grants for Baltimore City and \$4.8 million in targeted grants for Prince George’s County. This funding also includes \$10.3 million for several statewide initiatives (*i.e.*, Safe Streets Program, Internet Crimes Against Children Task Force, S.T.O.P. gun violence grants, community program fund, day reporting centers, domestic violence grants, law enforcement and correctional officers training grants, sex offender and compliance enforcement, and body armor grants). A new initiative will provide enhanced support for the establishment, expansion, and improvement of pretrial services agencies.

**Vehicle Theft Prevention:** 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 and from inspection fees collected for salvaged vehicle verification. State funding for this program will total \$1.9 million in fiscal 2019, the same amount as in fiscal 2018.

**Program Open Space:** This program 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 2019, the program

open space (POS) formula allocates \$53.3 million to the counties, which is an increase of \$16.1 million over the fiscal 2018 amount. In addition, Baltimore City will receive \$5.5 million in special POS funding of which the majority is specified to be allocated to various parks and a recreation center in the fiscal 2019 budget.

**Wastewater Treatment – Nutrient Removal Program:** The Maryland Department of the Environment provides grants to local governments to assist with operation and maintenance costs associated with enhanced nutrient removal at wastewater treatment facilities. The fiscal 2019 budget includes \$7.0 million in funding, which is the same as the fiscal 2018 amount.

**Disparity Grants:** The disparity grant program provides noncategorical State aid to low-wealth jurisdictions for county government purposes. The program reflects the State's policy to improve fiscal equity among jurisdictions by making less affluent jurisdictions less dependent on their own tax base to fund public services. Specifically, disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources. Through fiscal 2010, counties with income tax rates of 2.4% or higher with per capita local income tax revenues less than 75% of the State's average (assuming a 2.54% statewide county income tax rate) received a grant equal to the dollar amount necessary to raise the county's per capita income tax revenues to 75% of the State average. Chapter 487 of 2009 included a provision, beginning in fiscal 2011, that capped each county's funding under the program at the fiscal 2010 level.

Chapter 425 of 2013 modified the formula to add a minimum grant amount based on local tax effort of eligible counties and raised from 2.4% to 2.6% the local income tax rate required to be eligible to receive a grant. Beginning in fiscal 2014, the fiscal 2010 cap amount continues to apply, but an eligible county or Baltimore City may receive a minimum amount (that can exceed the fiscal 2010 cap) based on local tax effort. The minimum amounts are (1) 20% of the uncapped grant amount if the local income tax rate is at least 2.8% but less than 3.0%; (2) 40% of the uncapped grant amount if the rate is at least 3.0% but less than 3.2%; or (3) 60% of the uncapped grant amount if the rate is at 3.2%.

Chapter 738 of 2016 altered the calculation of the disparity grant program for counties with a local income tax rate of 3.2% by increasing the minimum grant amount (funding floor) to 67.5% of the formula calculation in fiscal 2018 and 2019. However, Chapter 23 of 2017 modified the formula by lowering the minimum grant amount (funding floor) from 67.5% to 63.75% of the formula calculation for fiscal 2018 only.

Based on the statutory formula, Baltimore City and nine counties (Allegany, Caroline, Cecil, Dorchester, Garrett, Prince George's, Somerset, Washington, and Wicomico) qualify for disparity grants. The fiscal 2019 budget includes \$140.8 million for disparity grants, a \$2.0 million increase from the prior year.

**Senate Bill 764 (passed)** extends by two years the 67.5% minimum grant amount for counties with a local income tax rate of 3.2%. As a result, State funding for the program will increase by \$6.3 million in fiscal 2020 and by \$6.8 million in fiscal 2021.

**Gaming Impact Grants:** From the proceeds generated by video lottery terminals at video lottery facilities in the State, generally 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18% is distributed 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). Furthermore, under the BRFA of 2014, for fiscal 2015 through 2019, \$500,000 of the 18% dedication is distributed to communities within three miles of Laurel Race Course, resulting in \$89,300 for Howard County, an additional \$357,100 for Anne Arundel County, and \$53,600 for the City of Laurel in each of these five fiscal years. *House Bill 130 (passed)* makes this distribution permanent beginning in fiscal 2020. In addition, 5% of table game revenues are distributed to local jurisdictions where a video lottery facility is located. Gaming impact grants total \$87.2 million in fiscal 2019, an increase of \$1.4 million, or 1.6%, over fiscal 2018 levels.

**Teacher Retirement Supplemental Grants:** The BRFA of 2012 established this grant program, beginning in fiscal 2013. Grants totaling \$27.7 million are distributed annually to nine counties (including Baltimore City) to help offset the impact of sharing teachers’ retirement costs with the counties.

**Neighborhood Revitalization:** Chapter 30 of 2016 required the Governor to include \$25.6 million in the State budget for fiscal 2018 and \$28.5 million in fiscal 2019 for the Strategic Demolition Fund. Of this amount, \$3.5 million is targeted to projects outside of Baltimore City, and the remainder is targeted for projects within Baltimore City (\$22.1 million in fiscal 2018 and \$25.0 million in fiscal 2019). The Strategic Demolition Fund provides funding to assist with demolition, land assembly, housing development or redevelopment, and revitalization. Funding is awarded on a competitive basis to local governments and community development organizations. The program seeks to accelerate economic development, job creation, and smart growth in existing Maryland communities. The fiscal 2019 capital budget includes \$28.5 million in funding for this program.

**Revenue Equity Program:** Chapter 692 of 2017 established a State Forest, State Park, and Wildlife Management Area Revenue Equity Program to make annual payments, beginning in fiscal 2019, to counties that have a certain amount of State forests, State parks, and wildlife management areas that are exempt from property tax. The annual payment to each county is equal to the county’s property tax rate multiplied by the assessed value, as determined by the State Department of Assessments and Taxation, of the State forests, State parks, and wildlife management areas in the county that are exempt from property tax. The payments replace payment in lieu of taxes payments in the affected counties. The fiscal 2019 budget includes total payments of \$3.3 million to Allegany, Garrett, and Somerset counties.

**Forest Service and Maryland Park Service – Payments in Lieu of Taxes:** Each county in which any State forest or park is located annually receives 15% of the net revenues derived from the forest or park located in that county, including concession operations. If the forest or park reserve comprises 10% or more of its total land area, the county annually receives 25% of the net revenues derived from the reserve. The original intent of the county payments was to offset the loss in property taxes to counties in which the State owned a significant amount of acreage. In

fiscal 2018, Forest Service payments to local governments totaled \$282,900 and Maryland Park Service payments to local governments totaled \$2.6 million. In fiscal 2019, Forest Service payments to local governments total \$146,200, and Maryland Park Service payments to local governments total \$2.3 million.

**Senior Citizen Activities Center Operating Fund:** The Senior Citizen Activities Center Operating Fund is a nonlapsing fund that consists of appropriations from the State budget. The fund supplements any other funding for senior citizen activities centers in the State budget; it may not be used to replace existing funding. Money is distributed to counties based on a competitive grant process, with at least 50% of the funds distributed based on need for senior citizen activities centers in counties determined by the Maryland Department of Aging to meet criteria related to economic distress. The fiscal 2019 budget includes \$764,200 for the program, which is approximately the same amount that was included for fiscal 2018.

## 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 80 different programs. The fiscal 2019 State budget includes \$6.9 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2018 and 2019.

**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 a portion of the employer share of the retirement costs on behalf of the counties for these local employees. These payments total \$797.6 million in fiscal 2019. 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 local governments, private providers, or State agencies in the counties. Part B of each county shows fiscal 2019 allocation estimates of general and special fund appropriations for health services, social services, and senior citizen services. Many of these programs also receive significant amounts of federal funds, which are not included in Part B or discussed below.

**Health Services:** The Maryland Department of Health, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. In

addition, the Medicaid program provides funding for medical services for low-income persons. General fund spending totals \$4.3 billion statewide for these programs in fiscal 2019. In addition, \$75.2 million in special funds, primarily from the Cigarette Restitution Fund (CRF), will also be spent on these programs in fiscal 2019. Special funds in the Medicaid program are expected to total \$911.0 million in fiscal 2019. This does not include spending at the State mental health hospitals, developmental disability facilities, or chronic disease centers.

- **Behavioral Health Services:** The Behavioral Health Administration was formed four years ago combining the Alcohol and Drug Abuse Administration with the Mental Health Administration. Substance abuse programs include primary and emergency care, intermediate care facilities, halfway houses and long-term care programs, outpatient care, and prevention programs. Community mental health services 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 2019 budget includes \$732.2 million in general funds and \$28.0 million in special funds for these programs.
- **Family Health and Chronic Disease Services:** The Prevention and Health Promotion 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, and specialty services, *etc.*). The administration is also responsible for chronic and hereditary disease prevention (cancer, heart disease, and 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 2019 funding for these programs totals \$47.6 million in general funds of which \$29.0 million is operating support for the Capital Region Medical Center (formerly the Prince George’s County Regional Medical Center). Additional State funding of \$47.2 million comes from the CRF for tobacco use prevention and cessation and for cancer prevention and screening at the local level.
- **Medicaid:** The Medical Assistance Program funds medical services for low-income Marylanders. The program covers physician services, hospital inpatient and outpatient services, and pharmacy services. Medicaid funding for mental health services is included under the Behavioral Health Services category. The fiscal 2019 funding for the Medicaid program totals \$2.9 billion in general funds and \$925.8 million in special funds.
- **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 2019 budget includes \$627.8 million in general funds for these programs.

**Social Services:** The Department of Human Services, the Governor's Office of Crime Control and Prevention, and the Department of Housing and Community Development provide funding for various social and community services in the subdivisions. Part B of each county's statistical tables shows fiscal 2019 estimates of funding for those programs that are available by subdivision. Note that fiscal 2019 funding for homeless services, women's services, foster care, and temporary cash assistance is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2018 funding and may change.

- **Homeless Services:** The State funds programs that 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 2019 budget includes \$3.9 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 domestic violence program, rape crisis centers, crime victim's services, and services for homeless women and children. Total fiscal 2019 funding for these programs equals \$5.1 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 2019 budget includes \$11.5 million in general 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 2019 budget includes \$160.9 million in general funds for these services.
- **Foster Care:** The foster care program places children who cannot remain in the care of their parents or legal guardian in alternate settings. The program includes payments to foster family homes, group homes, and residential facilities for neglected children. The fiscal 2019 budget includes \$185.6 million in general fund spending for the program.
- **Temporary Cash Assistance (TCA):** The TCA program provides financial assistance to dependent children and other family members deprived of support due to the death, incapacitation, underemployment, or unemployment of one or both parents. The fiscal 2019 budget anticipates general fund spending of \$7.1 million for this program.

**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 2019 funding is \$19.8 million in general funds. In this report, the fiscal 2019 general funds are allocated among the subdivisions on the basis of each jurisdiction’s share of fiscal 2018 funding and may change.

- **Long-term Care:** This category includes the following programs: frail and vulnerable elderly, senior care, senior guardianship, and the ombudsman program. The total fiscal 2019 funding is \$12.0 million in general funds.
- **Community Services:** Included in this category are the senior information and assistance program, the senior nutrition program, and the hold harmless grant. Fiscal 2019 funding for these programs totals \$4.7 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 2019 operating and capital budgets. Projects at regional community colleges are shown for each county that the college serves. Similarly, projects at wastewater treatment plants that serve more than one county are shown for each county served. The projects listed for the various loan programs are those currently anticipated for fiscal 2019. 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 2019 budget includes \$360.8 million in funding for local school construction including \$10 million in general funds, \$25 million from anticipated bond premiums, and \$11.9 million in recycled funds. The funding from anticipated bond premiums includes \$15 million for heating, ventilation, and air conditioning projects in Baltimore City. Funding for school security improvements includes \$10 million in general funds and \$10 million in anticipated bond premiums. As of the publication of this report, \$221.9 million of the funding has been allocated to specific projects, representing 75% of anticipated funding. These projects are listed in Part C for each county, but the allocation of school construction funding will not be finalized until May 2018. Therefore, the school construction projects funded and/or the amount of the funding for specific projects could change.

In addition, the capital budget includes \$68.2 million for the Supplemental Capital Grant Program for Local School Systems. This program is available to school systems with significant enrollment growth or relocatable classrooms, allocated based on the share of enrollment among the qualifying jurisdictions. The funding has not been allocated to specific projects, but this report shows the total grants each of the five qualifying school systems will receive in fiscal 2019.

***Capital Projects for State Facilities Located in the County:*** Part D for each county shows capital projects, authorized by the fiscal 2019 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 2019, but the actual projects funded and/or the amount of funding for specific projects could be different. This report does not include transportation projects.

## Allegany County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$41,582	\$42,551	\$969	2.3%
Compensatory Education	21,569	22,123	554	2.6%
Student Transportation	4,654	4,771	117	2.5%
Special Education	7,646	7,752	106	1.4%
Limited English Proficiency Grants	93	85	-9	-9.3%
Guaranteed Tax Base	4,021	4,492	471	11.7%
Declining Enrollment Grants	793	439	-354	-44.7%
Adult Education	151	151	0	0.0%
Aging Schools	98	98	0	0.0%
Prekindergarten Grants	305	445	140	46.1%
Other Education Aid	677	716	39	5.7%
<b>Primary and Secondary Education</b>	<b>\$81,590</b>	<b>\$83,623</b>	<b>\$2,033</b>	<b>2.5%</b>
Libraries	\$787	\$817	\$29	3.7%
Community Colleges	6,630	6,748	118	1.8%
Health Formula Grant	1,592	1,548	-44	-2.8%
Transportation <sup>1</sup>	2,185	2,593	407	18.6%
Police and Public Safety <sup>1</sup>	867	856	-11	-1.3%
Fire and Rescue Aid <sup>1</sup>	334	334	0	0.0%
Recreation and Natural Resources	411	594	183	44.5%
Disparity Grant	7,299	7,299	0	0.0%
Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0%
Gaming Impact Aid	2,325	2,357	32	1.4%
Other Direct Aid	0	1,345	1,345	n/a
<b>Total Direct Aid</b>	<b>\$105,654</b>	<b>\$109,746</b>	<b>\$4,093</b>	<b>3.9%</b>
Aid Per Capita (\$)	\$1,475	\$1,532	\$57	3.9%
Property Tax Equivalent (\$)	2.71	2.75	0.04	1.3%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be \$8,487,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$72,229,000
Family Health and Chronic Disease	549,000
Developmental Disabilities	9,279,000
Behavioral Health Services	12,355,000

#### Social Services

Homeless Services	64,000
Women's Services	259,000
Adult Services	162,000
Child Welfare Services	3,210,000
Foster Care	2,291,000
Temporary Cash Assistance	135,000

#### Senior Citizen Services

Long-term Care	173,000
Community Services	130,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Allegany High School – construction \$2,900,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Allegany College of Maryland**

Technology Building – renovation 1,181,000

**Community Parks and Playgrounds**

Constitution Park 179,000

Glendening Park 33,000

**Chesapeake Bay Restoration Fund**

Bedford Road – sewer rehabilitation 875,000

Frostburg – combined sewer overflow 1,779,000

LaVale – sewer improvements 3,500,000

**Mining Remediation Program**

Upper George’s Creek – shaft restoration 500,000

**Other Projects**

Allegany Museum 300,000

Camp Potomac 50,000

Cumberland Economic Development Corporation – redevelopment plan 420,000

Frostburg Museum 150,000

**D. Capital Projects for State Facilities in the County**

**Maryland State Police**

Cumberland Barrack and Garage \$2,300,000

**Department of Natural Resources**

Rocky Gap State Park – parking lot improvements 3,104,000

**University System of Maryland**

Frostburg State – Education Professions and Health Sciences Center	2,000,000
Frostburg State – residence hall construction	14,776,000

## Anne Arundel County

## A. Direct Aid and Retirement Payments

## 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	<u>(\$ in Thousands)</u>			
Foundation Aid	\$212,770	\$218,481	\$5,711	2.7%
Compensatory Education	67,087	67,731	644	1.0%
Student Transportation	23,828	24,531	703	2.9%
Special Education	28,745	28,600	-145	-0.5%
Limited English Proficiency Grants	12,734	14,855	2,121	16.7%
Geographic Cost of Education Index	9,948	10,218	271	2.7%
Adult Education	313	313	0	0.0%
Aging Schools	506	506	0	0.0%
Prekindergarten Grants	198	290	91	46.1%
Other Education Aid	2,093	2,265	172	8.2%
<b>Primary and Secondary Education</b>	<b>\$358,221</b>	<b>\$367,789</b>	<b>\$9,568</b>	<b>2.7%</b>
Libraries	\$2,252	\$2,350	\$98	4.4%
Community Colleges	31,069	31,031	-39	-0.1%
Health Formula Grant	4,171	4,246	75	1.8%
Transportation <sup>1</sup>	5,895	7,910	2,015	34.2%
Police and Public Safety <sup>1</sup>	8,809	8,939	130	1.5%
Fire and Rescue Aid <sup>1</sup>	1,247	1,247	0	0.0%
Recreation and Natural Resources	4,373	6,453	2,080	47.6%
Gaming Impact Aid	28,289	28,314	24	0.1%
Other Direct Aid <sup>1</sup>	75	75	0	0.0%
<b>Total Direct Aid</b>	<b>\$444,402</b>	<b>\$458,354</b>	<b>\$13,952</b>	<b>3.1%</b>
Aid Per Capita (\$)	\$775	\$800	\$24	3.1%
Property Tax Equivalent (\$)	0.51	0.51	0.00	0.0%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be \$68,006,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$241,422,000
Family Health and Chronic Disease	1,024,000
Developmental Disabilities	55,832,000
Behavioral Health Services	70,691,000

#### Social Services

Homeless Services	134,000
Women's Services	355,000
Adult Services	229,000
Child Welfare Services	7,560,000
Foster Care	6,776,000
Temporary Cash Assistance	437,000

#### Senior Citizen Services

Long-term Care	655,000
Community Services	267,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Arnold Elementary School – construction	\$5,791,000
Bodkin Elementary School – renovations (HVAC/windows)	2,614,000
Broadneck Elementary School – renovations (roof)	890,000
Glen Burnie Park Elementary School – construction	1,500,000
Jessup Elementary School – construction	3,271,792
Marley Elementary School – construction	85,000
Maryland City Elementary School – kindergarten addition	1,514,000
Solley Elementary School – construction	798,000
Supplemental Capital Grant Program for Local School Systems	7,916,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Anne Arundel Community College**

Health Sciences and Biology Building – construction	2,500,000
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**Local Jails and Detention Centers**

County Central Holding and Processing Center – construction	2,035,000
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**Chesapeake Bay Restoration Fund**

Edgewater Beach – septic to sewer conversion	3,140,000
Piney Orchard WWTP – enhanced nutrient removal	1,830,000

**Waterway Improvement**

Annapolis – public boating facilities improvements	99,000
Bodkin Creek – entrance channel dredging	329,000
Cattail Creek – maintenance dredging	133,000
Cornfield Creek – maintenance dredging	267,750
Cox Creek – entrance channel dredging	196,250
Cypress Creek – maintenance dredging	379,000
Eli, Sloop and Long Coves – maintenance dredging	353,000
Lake Ogeleton – entrance channel dredging	329,000
Snug Harbor – main channel dredging	161,500
Solley Cove Park – boat launch facility	500,000

**Coastal Resiliency Program**

Long View Community – shoreline improvements	125,000
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**Other Projects**

Annapolis – flood mitigation	2,000,000
Annapolis Maritime Museum and Park	125,000
Annapolis Masonic Lodge No. 89	80,000
Broadneck High School – stadium	1,500,000
Chesapeake High School – turf field	600,000
Fort Meade Kuhn Hall – Resiliency and Education Center	250,000
Girl Scouts of Central Maryland – Camp Woodlands	250,000
Glen Burnie High School – field house and concession stand	1,500,000
Hancock’s Resolution Historic Park	250,000
Historic Annapolis, Inc.	1,125,000
Hot Sox Park	500,000
Light House Bistro and Culinary Training Center	310,000
Lloyd Keaser Community Center	35,000
Maryland Hall for the Creative Arts	1,500,000
National Cryptologic Museum	250,000
Samaritan House	100,000
Severn Danza Park	200,000
St. Philip Neri Community Hall	75,000
The Arc of the Central Chesapeake Region	475,000
The Bernie House	130,000
William Brown House at Historic London Town	150,000
YWCA Domestic Violence and Trafficking Shelters	1,000,000

**D. Capital Projects for State Facilities in the County****General Government**

Annapolis Post Office	\$8,209,000
General Assembly – Department of Legislative Services building	2,000,000
Harriet Tubman and Frederick Douglass Statues	500,000
Lawyer’s Mall – underground infrastructure and utilities	5,000,000

**Department of Public Safety and Correctional Services**

Jessup Region – electrical infrastructure upgrade	229,000
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**Department of Natural Resources**

Franklin Point State Park – shoreline improvements	1,500,000
Sandy Point State Park – comfort station renovation	200,000

## Baltimore City

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$382,270	\$383,511	\$1,242	0.3%
Compensatory Education	297,989	288,578	-9,411	-3.2%
Student Transportation	19,517	19,741	225	1.2%
Special Education	63,001	60,438	-2,563	-4.1%
Limited English Proficiency Grants	22,118	25,178	3,060	13.8%
Guaranteed Tax Base	21,693	21,243	-450	-2.1%
Declining Enrollment Grants	13,553	15,962	2,409	17.8%
Geographic Cost of Education Index	22,567	22,211	-356	-1.6%
Adult Education	1,662	1,662	0	0.0%
Aging Schools	1,388	1,388	0	0.0%
Prekindergarten Grants	11,172	16,314	5,142	46.0%
Other Education Aid	3,146	3,472	326	10.4%
<b>Primary and Secondary Education</b>	<b>\$860,075</b>	<b>\$859,699</b>	<b>-\$376</b>	<b>-0.0%</b>
Libraries	\$9,250	\$9,378	\$128	1.4%
Health Formula Grant	8,219	8,367	148	1.8%
Transportation	146,631	148,815	2,185	1.5%
Police and Public Safety	11,851	11,851	0	0.0%
Fire and Rescue Aid	1,364	1,364	0	0.0%
Recreation and Natural Resources	7,422	9,778	2,356	31.7%
Disparity Grant	79,052	76,013	-3,039	-3.8%
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0%
Gaming Impact Aid	24,780	25,087	306	1.2%
Other Direct Aid	23,120	27,120	4,000	17.3%
<b>Total Direct Aid</b>	<b>\$1,181,812</b>	<b>\$1,187,520</b>	<b>\$5,708</b>	<b>0.5%</b>
Aid Per Capita (\$)	\$1,932	\$1,942	\$9	0.5%
Property Tax Equivalent (\$)	2.87	2.88	0.01	0.3%

## 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Baltimore City for teachers, librarians, and community college faculty are estimated to be \$64,468,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$957,897,000
Family Health and Chronic Disease	5,416,000
Developmental Disabilities	35,962,000
Behavioral Health Services	185,455,000

#### Social Services

Homeless Services	1,374,000
Women's Services	1,726,000
Adult Services	2,601,000
Child Welfare Services	55,561,000
Foster Care	72,016,000
Temporary Cash Assistance	2,914,000

#### Senior Citizen Services

Long-term Care	1,733,000
Community Services	862,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Belmont Elementary School #217 – renovations (classroom A/C units)	\$428,000
Brehms Lane Elementary School #231 – renovations (classroom A/C units)	479,000
Dickey Hill Elementary/Middle School – renovations (classroom A/C units)	633,000
Diggs-Johnson Building #162 – renovations (classroom A/C units)	582,000
Edgecombe Circle Elementary School #62 – renovations (classroom A/C units)	685,000
Edgewood Elementary School #67 – renovations (classroom A/C units)	445,000
Federal Hill Preparatory School #45 – renovations (fire safety)	778,000
Graceland Park/O'Donnell Heights Elementary/Middle School – construction	7,000,000
Hazelwood Elementary/Middle School #210 – renovations (classroom A/C)	496,000
Highlandtown Elementary/Middle School #215 – renovations (roof)	622,000
Hilton Elementary School #21 – renovations (classroom A/C units)	462,000
Holabird Elementary/Middle School #229 – construction	8,000,000
Matthew A. Henson Elementary School #29 – renovations (classroom A/C)	514,000
Mt. Royal Elementary/Middle School #66 – renovations (classroom A/C units)	719,000
Roland Park Elementary/Middle School #233 – renovations (HVAC)	5,058,000
Thomas Jefferson Elementary/Middle School – renovations (classroom A/C)	496,000
Western High School #407 – renovations (elevator)	311,000
William S. Baer School #301 – renovations (HVAC)	3,891,000
Windsor Hills Elementary/Middle School #87 – renovations (classroom A/C)	360,000
Systemwide – renovations (HVAC)	15,000,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Community Health Facilities Grant Program**

People Encouraging People, Inc.	754,000
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**Strategic Demolition Fund**

Project C.O.R.E.	25,000,000
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**Community Parks and Playgrounds**

Citywide – playground surfacing improvements	115,000
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**Chesapeake Bay Restoration Fund**

Herring Run Sewershed – improvements	9,615,000
North East Baltimore – sewer improvements	13,309,000
South West Baltimore – sewer improvements	13,388,000

**Waterway Improvement**

City Fire Department – purchase fire/rescue boat	20,000
Middle Branch Park – pier, parking lot, and ADA access improvements	99,000

**Hazardous Substance Cleanup Program**

1600 Harford Avenue – hazardous waste remediation	100,000
Chemical Metals, Inc. – hazardous waste remediation	50,000

**Other Projects**

40 West Assistance and Referral Center	125,000
American Visionary Art Museum	250,000
Baltimore – Cherry Hill recreation center	400,000
Baltimore Museum of Art	2,000,000
Baltimore Museum of Industry	225,000
Baltimore Police Mounted Unit – stables	250,000
Baltimore Regional Employment and Education Center	750,000
Baltimore Zoo – infrastructure improvements	4,000,000
BARCO Playhouse Theater	250,000
Bnos Yisroel of Baltimore School	250,000
Bon Secours Youth Development Center	1,000,000
Bromo Tower Arts and Entertainment, Inc. – Pratt Street/Howard Street Plaza	350,000
Carmel Community Reaching Out Center	90,000
Center Stage	1,000,000
Chesapeake Shakespeare Company	100,000
Community Housing Partners Corporation – J. Van Story Branch Building	250,000
Creative Alliance	25,000
Downtown Partnership – McKeldin Plaza	500,000
East Baltimore Biotechnology Park	2,500,000
EMAGE Center	125,000
Federal Hill – streetscape improvements	250,000
Garrett-Jacobs Mansion	200,000
Govans Ecumenical Development Corporation – Epiphany House	100,000
Govans Ecumenical Development Corporation – Harford House	225,000
Habitat for Humanity of the Chesapeake	150,000

*Part A – Budget and State Aid*

A-131

HARBEL Community Building	100,000
Harvey Johnson Community Center	200,000
Helping Up Mission	500,000
Hippodrome Foundation, Inc. – France-Merrick Performing Arts Center	2,000,000
Hoehn Lithograph Building	1,000,000
Hollins Market	250,000
Johns Hopkins University – Maryland Center for Cell Therapy Manufacturing	5,000,000
Johns Hopkins University – Pinkard Building	4,000,000
Kappa Alpha Psi Youth and Community Center	102,000
Kennedy Krieger Institute	1,000,000
Langston Hughes Community, Business and Resource Center	250,000
Lexington Market	500,000
Liberty Ship S.S. John W. Brown	50,000
Loyola University – Center for Innovation and Collaborative Learning	4,000,000
Maryland Art Place	125,000
Maryland School for the Blind – construction	12,000,000
Maryland Science Center	890,000
MedStar Good Samaritan Hospital	1,000,000
Mt. Washington Pediatric Hospital	750,000
National Aquarium in Baltimore	2,000,000
Northwood Commons	2,000,000
Paul’s Place	35,000
Port Discovery Children’s Museum	1,000,000
Roberta’s House	2,000,000
Ronald McDonald House	500,000
St. Elizabeth School	50,000
St. James’ Terrace Apartments, Inc. – Sellers Mansion	250,000
The Compound	250,000
Village Learning Place	100,000
West Arlington Water Tower	250,000
Westport Community Land Trust	25,000
Woodbourne Center	380,000

**D. Capital Projects for State Facilities in the City**

**General Government**

Baltimore City District Court – Shillman Building	\$985,000
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**Department of Public Safety and Correctional Services**

Baltimore City Detention Center – demolition	4,980,000
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**Maryland State Library Agency**

State Library Resource Center – renovation	4,831,000
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**Baltimore City Community College**

Liberty Campus – improve and expand roadway and parking lots	365,000
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**Morgan State University**

Health and Human Services Building	461,000
Student Services Support Building	46,060,000

**University System of Maryland**

Baltimore – electric substation and electrical infrastructure	8,564,000
Baltimore – Interprofessional Education Center	5,300,000
Baltimore – Maryland Center for Advanced Molecular Analysis	2,500,000
Coppin State – Percy Julian Building	1,634,000

**Other**

University of Maryland Medical System – cancer and organ transplant center	2,500,000
University of Maryland Medical System – neonatal intensive care unit	10,000,000
University of Maryland Medical System – shock trauma center	2,000,000

## Baltimore County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$394,059	\$405,336	\$11,276	2.9%
Compensatory Education	146,943	148,756	1,813	1.2%
Student Transportation	31,453	32,181	727	2.3%
Special Education	55,630	56,086	456	0.8%
Limited English Proficiency Grants	19,213	24,270	5,057	26.3%
Geographic Cost of Education Index	6,066	6,180	114	1.9%
Adult Education	537	537	0	0.0%
Aging Schools	874	874	0	0.0%
Prekindergarten Grants	787	1,149	362	46.1%
Other Education Aid	3,539	3,656	117	3.3%
<b>Primary and Secondary Education</b>	<b>\$659,101</b>	<b>\$679,023</b>	<b>\$19,923</b>	<b>3.0%</b>
Libraries	\$5,971	\$6,210	\$240	4.0%
Community Colleges	43,584	43,763	180	0.4%
Health Formula Grant	5,421	5,519	98	1.8%
Transportation	6,450	8,998	2,548	39.5%
Police and Public Safety	12,763	12,782	19	0.1%
Fire and Rescue Aid	1,725	1,725	0	0.0%
Recreation and Natural Resources	4,947	7,264	2,316	46.8%
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0%
<b>Total Direct Aid</b>	<b>\$742,962</b>	<b>\$768,285</b>	<b>\$25,323</b>	<b>3.4%</b>
Aid Per Capita (\$)	\$892	\$923	\$30	3.4%
Property Tax Equivalent (\$)	0.88	0.88	0.00	0.0%

## 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be \$96,656,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$544,970,000
Family Health and Chronic Disease	1,819,000
Developmental Disabilities	146,388,000
Behavioral Health Services	92,246,000

#### Social Services

Homeless Services	262,000
Women's Services	760,000
Adult Services	802,000
Child Welfare Services	10,485,000
Foster Care	23,980,000
Temporary Cash Assistance	855,000

#### Senior Citizen Services

Long-term Care	1,396,000
Community Services	358,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Franklin High School – renovations (air conditioning)	\$3,166,000
Kenwood High School – renovations (air conditioning)	4,763,000
Lansdowne Elementary School – construction	7,074,000
Northeast Area at Joppa Road Elementary School – construction	1,500,000
Victory Villa Elementary School – construction	2,239,396
Supplemental Capital Grant Program for Local School Systems	10,853,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Reisterstown Library – renovation	1,050,000
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**Community College of Baltimore County**

Catonsville – medium voltage switchgear replacement	2,009,000
Essex – Health Careers and Technology Building renovation and expansion	5,035,000

**Community Health Facilities Grant Program**

Key Point Health Services, Inc.	675,000
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**Waterway Improvement**

Bowleys Quarters Volunteer Fire Department – purchase fire/rescue boat	50,000
Merritt Point Park – boat launch rehabilitation	99,500

**Other Projects**

Baltimore County – Frederick Road improvements	250,000
Baltimore County – MD 30 and Mount Gilead Road improvements	1,400,000
Baltimore County – sound walls	300,000
Dulaney High School – athletic fields	150,000
Franklin High School – infrastructure improvements	750,000
Goucher College – Maryland Equine Education Center	250,000
Hatzalah of Baltimore	125,000
Lansdowne Volunteer Fire Department	100,000
Maryland State Fairgrounds	1,000,000
Mayes-Burton Barn at Hereford High School	100,000
MedStar Franklin Square Hospital	6,000,000
Morning Star Family Life Center	100,000

National Center on Institutions and Alternatives	350,000
Natural History Society of Maryland	390,000
New Town High School – stadium	175,000
Penn-Mar Human Services Day Learning Center	200,000
Randallstown High School – infrastructure improvements	30,000
Stevenson University – Rosewood environmental abatement	5,000,000
The Glenn L. Martin Maryland Aviation Museum	50,000
Vehicles for Change, Inc. – Full Circle Auto Repair Training Center	250,000
Windsor Mill Community Outreach Center	100,000

**D. Capital Projects for State Facilities in the County**

**General Government**

Catonsville District Court	\$12,019,000
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**Maryland Environmental Service**

Woodstock – wastewater treatment plant upgrades	216,000
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**University System of Maryland**

Baltimore County – campuswide utility upgrades	1,360,000
Baltimore County – Interdisciplinary Life Sciences Building	62,799,000
Baltimore County – stadium and athletic facility improvements	4,000,000
Towson University – athletic fields	3,000,000
Towson University – Prettyman and Scarborough Halls air conditioning	5,000,000
Towson University – Science Facility	60,744,000
Towson University – University Union addition and renovation	23,000,000

**Other**

Maryland Public Television – Studio “A” renovation and addition	100,000
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## Calvert County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$57,676	\$58,362	\$686	1.2%
Compensatory Education	9,899	8,990	-910	-9.2%
Student Transportation	5,815	5,875	60	1.0%
Special Education	4,895	4,902	7	0.2%
Limited English Proficiency Grants	393	492	99	25.1%
Declining Enrollment Grants	240	363	123	51.4%
Geographic Cost of Education Index	2,284	2,290	6	0.3%
Adult Education	425	425	0	0.0%
Aging Schools	38	38	0	0.0%
Other Education Aid	717	750	33	4.6%
<b>Primary and Secondary Education</b>	<b>\$82,382</b>	<b>\$82,487</b>	<b>\$105</b>	<b>0.1%</b>
Libraries	\$450	\$482	\$32	7.1%
Community Colleges	2,680	2,826	146	5.4%
Health Formula Grant	642	638	-4	-0.6%
Transportation <sup>1</sup>	1,480	1,915	435	29.4%
Police and Public Safety <sup>1</sup>	791	798	8	1.0%
Fire and Rescue Aid <sup>1</sup>	300	300	0	0.0%
Recreation and Natural Resources	433	645	212	48.9%
Other Direct Aid	2,032	2,582	550	27.1%
<b>Total Direct Aid</b>	<b>\$91,189</b>	<b>\$92,673</b>	<b>\$1,484</b>	<b>1.6%</b>
Aid Per Capita (\$)	\$997	\$1,013	\$16	1.6%
Property Tax Equivalent (\$)	0.71	0.71	0.00	0.0%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be \$13,790,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$38,203,000
Family Health and Chronic Disease	469,000
Developmental Disabilities	8,164,000
Behavioral Health Services	7,408,000

#### Social Services

Homeless Services	28,000
Women's Services	108,000
Adult Services	75,000
Child Welfare Services	1,409,000
Foster Care	2,418,000
Temporary Cash Assistance	32,000

#### Senior Citizen Services

Long-term Care	112,000
Community Services	25,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Northern High School – construction	\$6,000,000
Patuxent High School – renovations (chillers)	450,500

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**College of Southern Maryland**

Hughesville – Health Sciences Center	8,962,000
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**Local Jails and Detention Centers**

County Detention Center – classroom addition	500,000
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**Community Parks and Playgrounds**

Callis Park	80,000
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**Waterway Improvement**

Calvert Marine Museum – pier and bulkhead replacement	75,000
County Fire and Emergency Medical Services – purchase inflatable fire/rescue boat	10,000

**Other Projects**

Calvert Memorial Hospital	1,727,000
East-John Youth Center	50,000
North Beach Volunteer Fire Department	100,000

**D. Capital Projects for State Facilities in the County**

**Department of Natural Resources**

Hallowing Point State Park – boat lift improvements	\$30,000
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**Maryland Department of Planning**

Jefferson Patterson Park and Museum – Patterson Center	3,887,000
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## Caroline County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$29,000	\$30,009	\$1,009	3.5%
Compensatory Education	15,177	15,323	145	1.0%
Student Transportation	2,701	2,753	52	1.9%
Special Education	2,803	2,842	39	1.4%
Limited English Proficiency Grants	2,109	2,462	353	16.7%
Guaranteed Tax Base	1,576	1,741	165	10.5%
Aging Schools	50	50	0	0.0%
Prekindergarten Grants	594	868	274	46.1%
Other Education Aid	781	825	44	5.6%
<b><i>Primary and Secondary Education</i></b>	<b><i>\$54,791</i></b>	<b><i>\$56,873</i></b>	<b><i>\$2,082</i></b>	<b><i>3.8%</i></b>
Libraries	\$300	\$317	\$17	5.6%
Community Colleges	1,577	1,680	102	6.5%
Health Formula Grant	818	796	-22	-2.7%
Transportation <sup>1</sup>	1,078	1,377	299	27.7%
Police and Public Safety <sup>1</sup>	341	336	-5	-1.5%
Fire and Rescue Aid <sup>1</sup>	313	313	0	0.0%
Recreation and Natural Resources	192	280	87	45.3%
Disparity Grant	2,132	2,132	0	0.0%
Teachers Retirement Supplemental Grant	685	685	0	0.0%
<b>Total Direct Aid</b>	<b>\$62,227</b>	<b>\$64,788</b>	<b>\$2,561</b>	<b>4.1%</b>
Aid Per Capita (\$)	\$1,875	\$1,952	\$77	4.1%
Property Tax Equivalent (\$)	2.39	2.45	0.07	2.9%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be \$4,889,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$30,322,000
Family Health and Chronic Disease	508,000
Developmental Disabilities	9,343,000
Behavioral Health Services	6,806,000

#### Social Services

Homeless Services	72,000
Women's Services	22,000
Adult Services	99,000
Child Welfare Services	1,292,000
Foster Care	1,018,000
Temporary Cash Assistance	48,000

#### Senior Citizen Services

Long-term Care	331,000
Community Services	98,000

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

**C. Selected State Grants for Capital Projects****Public Schools\***

Lockerman Middle School – renovations (roof)	\$423,000
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\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Federally Qualified Health Centers Grant Program**

Choptank Community Health System, Inc.	441,000
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**Community Parks and Playgrounds**

Goldsboro Community Park	170,000
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James T. Wright Park	48,000
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**Water Supply Financial Assistance Program**

Denton – water main replacement	810,000
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**Waterway Improvement**

Choptank Marina – boat ramp and marina renovations	98,000
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Crouse Park – floating dock installation	95,825
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## Carroll County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$91,804	\$93,046	\$1,242	1.4%
Compensatory Education	14,379	14,273	-106	-0.7%
Student Transportation	9,864	10,014	150	1.5%
Special Education	10,640	10,598	-42	-0.4%
Limited English Proficiency Grants	966	1,093	127	13.1%
Declining Enrollment Grants	1,606	263	-1,343	-83.6%
Geographic Cost of Education Index	2,441	2,466	26	1.1%
Adult Education	153	153	0	0.0%
Aging Schools	137	137	0	0.0%
Prekindergarten Grants	312	456	144	46.1%
Other Education Aid	740	658	-82	-11.0%
<b>Primary and Secondary Education</b>	<b>\$133,042</b>	<b>\$133,158</b>	<b>\$116</b>	<b>0.1%</b>
Libraries	\$995	\$1,032	\$38	3.8%
Community Colleges	8,666	9,107	441	5.1%
Health Formula Grant	1,707	1,722	15	0.9%
Transportation <sup>1</sup>	3,392	4,242	850	25.1%
Police and Public Safety <sup>1</sup>	1,594	1,585	-8	-0.5%
Fire and Rescue Aid <sup>1</sup>	388	388	0	0.0%
Recreation and Natural Resources	982	1,443	461	46.9%
<b>Total Direct Aid</b>	<b>\$150,765</b>	<b>\$152,677</b>	<b>\$1,913</b>	<b>1.3%</b>
Aid Per Capita (\$)	\$899	\$910	\$11	1.3%
Property Tax Equivalent (\$)	0.77	0.76	-0.01	-1.4%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be \$20,744,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$72,102,000
Family Health and Chronic Disease	529,000
Developmental Disabilities	16,397,000
Behavioral Health Services	14,644,000

#### Social Services

Homeless Services	61,000
Women's Services	162,000
Adult Services	64,000
Child Welfare Services	2,076,000
Foster Care	2,138,000
Temporary Cash Assistance	59,000

#### Senior Citizen Services

Long-term Care	235,000
Community Services	142,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Liberty High School – science facilities	\$813,000
Sandymount Elementary School – renovations (HVAC)	2,716,000
South Carroll High School – science facilities	465,000
Westminster High School – renovations (electrical)	1,180,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Westminster Library – renovation	1,000,000
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**Carroll Community College**

Campuswide – systemic renovations	2,753,000
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**Community Parks and Playgrounds**

Hampstead Panther Park	48,000
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**Other Projects**

Boys and Girls Club of Westminster	150,000
Carroll County Veterans Independence Project	100,000
Gamber and Community Fire Company	25,000
Westminster Rescue Mission	250,000

**D. Capital Projects for State Facilities in the County**

**Maryland Military Department**

Freedom Readiness Center	\$9,428,000
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## Cecil County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$66,777	\$67,468	\$691	1.0%
Compensatory Education	24,229	23,229	-1,000	-4.1%
Student Transportation	5,226	5,292	66	1.3%
Special Education	8,313	8,093	-220	-2.6%
Limited English Proficiency Grants	949	1,123	174	18.3%
Guaranteed Tax Base	1,293	679	-615	-47.5%
Declining Enrollment Grants	190	1,181	991	521.9%
Adult Education	272	272	0	0.0%
Aging Schools	96	96	0	0.0%
Other Education Aid	811	841	30	3.7%
<b>Primary and Secondary Education</b>	<b>\$108,156</b>	<b>\$108,273</b>	<b>\$117</b>	<b>0.1%</b>
Libraries	\$805	\$840	\$35	4.4%
Community Colleges	6,179	6,776	597	9.7%
Health Formula Grant	1,150	1,160	10	0.9%
Transportation <sup>1</sup>	1,864	2,344	480	25.8%
Police and Public Safety <sup>1</sup>	995	1,001	6	0.6%
Fire and Rescue Aid <sup>1</sup>	307	307	0	0.0%
Recreation and Natural Resources	506	740	234	46.2%
Disparity Grant	511	1,058	548	107.2%
Gaming Impact Aid	4,264	4,301	38	0.9%
<b>Total Direct Aid</b>	<b>\$124,736</b>	<b>\$126,801</b>	<b>\$2,065</b>	<b>1.7%</b>
Aid Per Capita (\$)	\$1,214	\$1,234	\$20	1.7%
Property Tax Equivalent (\$)	1.25	1.24	-0.01	-0.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be \$13,792,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$71,765,000
Family Health and Chronic Disease	408,000
Developmental Disabilities	8,133,000
Behavioral Health Services	11,870,000

**Social Services**

Homeless Services	56,000
Women’s Services	97,000
Adult Services	86,000
Child Welfare Services	2,831,000
Foster Care	4,834,000
Temporary Cash Assistance	153,000

**Senior Citizen Services**

Long-term Care	149,000
Community Services	51,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Gilpin Manor Elementary School – construction	\$3,758,294
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\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

North East Library – construction	1,000,000
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**Community Parks and Playgrounds**

Meadow Park	210,000
Perryville Community Park	45,000

**Chesapeake Bay Restoration Fund**

Chesapeake City WWTP – enhanced nutrient removal	2,720,000
Holloway Beach – sewer collection system	1,380,000
Port Deposit WWTP – replacement	3,680,000

**Water Supply Financial Assistance Program**

North East – water quality improvements	397,000
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**Waterway Improvement**

Elk River Park – channel dredging	55,000
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**Other Projects**

NorthBay Environmental Education Center	200,000
Perryville – railroad monument sign	25,000

**D. Capital Projects for State Facilities in the County****Maryland Environmental Service**

Fair Hill NRMA – water treatment plant/distribution system upgrades	\$2,864,000
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## Charles County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$111,026	\$117,312	\$6,286	5.7%
Compensatory Education	32,050	34,227	2,177	6.8%
Student Transportation	10,889	11,277	387	3.6%
Special Education	10,653	11,114	462	4.3%
Limited English Proficiency Grants	2,160	2,860	700	32.4%
Guaranteed Tax Base	0	1,597	1,597	n/a
Geographic Cost of Education Index	3,579	3,686	107	3.0%
Adult Education	461	461	0	0.0%
Aging Schools	50	50	0	0.0%
Prekindergarten Grants	30	44	14	46.1%
Other Education Aid	1,554	1,606	52	3.3%
<b>Primary and Secondary Education</b>	<b>\$172,452</b>	<b>\$184,234</b>	<b>\$11,782</b>	<b>6.8%</b>
Libraries	\$1,057	\$1,107	\$50	4.7%
Community Colleges	9,178	9,184	6	0.1%
Health Formula Grant	1,506	1,512	6	0.4%
Transportation <sup>1</sup>	1,992	2,661	669	33.6%
Police and Public Safety <sup>1</sup>	1,350	1,377	27	2.0%
Fire and Rescue Aid <sup>1</sup>	382	382	0	0.0%
Recreation and Natural Resources	891	1,318	426	47.9%
<b>Total Direct Aid</b>	<b>\$188,808</b>	<b>\$201,775</b>	<b>\$12,967</b>	<b>6.9%</b>
Aid Per Capita (\$)	\$1,182	\$1,263	\$81	6.9%
Property Tax Equivalent (\$)	1.08	1.12	0.04	4.0%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be \$22,856,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$77,356,000
Family Health and Chronic Disease	774,000
Developmental Disabilities	7,273,000
Behavioral Health Services	15,314,000

#### Social Services

Homeless Services	140,000
Women's Services	156,000
Adult Services	175,000
Child Welfare Services	3,515,000
Foster Care	3,387,000
Temporary Cash Assistance	115,000

#### Senior Citizen Services

Long-term Care	190,000
Community Services	29,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Billingsley Elementary School – construction	\$2,570,129
Dr. Samuel A. Mudd Elementary School – construction	6,025,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**College of Southern Maryland**

Hughesville – Health Sciences Center	8,962,000
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**Community Parks and Playgrounds**

Tilghman Lake Park	28,000
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**Other Projects**

College of Southern Maryland – Velocity Center	75,000
Farming 4 Hunger, Inc. – community agricultural facility	100,000
Indian Head – community recreation center	200,000
Indian Head Center for the Arts	60,000
Maryland Veterans Memorial Museum	125,000

**D. Capital Projects for State Facilities in the County**

**Department of Natural Resources**

Smallwood State Park – Sweden Point Marina	\$60,000
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## Dorchester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$22,741	\$23,098	\$357	1.6%
Compensatory Education	12,526	12,794	269	2.1%
Student Transportation	2,514	2,535	21	0.8%
Special Education	1,757	1,723	-35	-2.0%
Limited English Proficiency Grants	701	901	200	28.6%
Guaranteed Tax Base	1,165	1,246	81	7.0%
Aging Schools	38	38	0	0.0%
Prekindergarten Grants	110	161	51	46.1%
Other Education Aid	1,231	1,251	20	1.6%
<b>Primary and Secondary Education</b>	<b>\$42,782</b>	<b>\$43,746</b>	<b>\$964</b>	<b>2.3%</b>
Libraries	\$285	\$296	\$12	4.1%
Community Colleges	1,243	1,300	57	4.6%
Health Formula Grant	819	755	-63	-7.7%
Transportation <sup>1</sup>	1,391	1,718	327	23.5%
Police and Public Safety <sup>1</sup>	380	376	-4	-1.1%
Fire and Rescue Aid <sup>1</sup>	327	327	0	0.0%
Recreation and Natural Resources	164	241	77	47.0%
Disparity Grant	2,023	2,023	0	0.0%
Teachers Retirement Supplemental Grant	309	309	0	0.0%
<b>Total Direct Aid</b>	<b>\$49,723</b>	<b>\$51,093</b>	<b>\$1,370</b>	<b>2.8%</b>
Aid Per Capita (\$)	\$1,546	\$1,589	\$43	2.8%
Property Tax Equivalent (\$)	1.73	1.79	0.06	3.4%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be \$3,926,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$35,165,000
Family Health and Chronic Disease	540,000
Developmental Disabilities	2,883,000
Behavioral Health Services	7,160,000

**Social Services**

Homeless Services	22,000
Women’s Services	22,000
Adult Services	148,000
Child Welfare Services	1,524,000
Foster Care	1,416,000
Temporary Cash Assistance	55,000

**Senior Citizen Services**

Long-term Care	503,000
Community Services	257,000

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

**C. Selected State Grants for Capital Projects****Public Schools\***

North Dorchester High School – construction	\$5,021,000
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\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Community Parks and Playgrounds**

Vienna Playground and Basketball Court	21,000
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**Waterway Improvement**

Elliott Island Marina – jetty replacement	150,000
Secretary – pier replacement	60,000
Taylor's Island – bulkhead and parking lot improvements	80,000
Vienna Waterfront Park – boat ramp and dock improvements	99,000

**Other Projects**

Chesapeake Grove – Senior Housing and Intergenerational Center	1,000,000
Maces Lane Community Center	200,000
Patriot Point	375,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Cambridge Marine Terminal – bulkhead replacement	\$2,000,000
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## Frederick County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$160,353	\$165,055	\$4,702	2.9%
Compensatory Education	34,686	35,111	425	1.2%
Student Transportation	12,617	13,015	398	3.2%
Special Education	17,163	17,388	224	1.3%
Limited English Proficiency Grants	8,419	9,914	1,495	17.8%
Geographic Cost of Education Index	6,730	6,910	180	2.7%
Adult Education	490	490	0	0.0%
Aging Schools	183	183	0	0.0%
Prekindergarten Grants	184	268	85	46.1%
Other Education Aid	1,402	1,360	-42	-3.0%
<b>Primary and Secondary Education</b>	<b>\$242,226</b>	<b>\$249,692</b>	<b>\$7,466</b>	<b>3.1%</b>
Libraries	\$1,445	\$1,493	\$48	3.3%
Community Colleges	10,857	11,304	447	4.1%
Health Formula Grant	2,178	2,160	-18	-0.8%
Transportation <sup>1</sup>	5,183	6,353	1,169	22.6%
Police and Public Safety <sup>1</sup>	2,425	2,461	36	1.5%
Fire and Rescue Aid <sup>1</sup>	566	566	0	0.0%
Recreation and Natural Resources	1,016	1,536	520	51.2%
<b>Total Direct Aid</b>	<b>\$265,896</b>	<b>\$275,565</b>	<b>\$9,669</b>	<b>3.6%</b>
Aid Per Capita (\$)	\$1,055	\$1,093	\$38	3.6%
Property Tax Equivalent (\$)	0.90	0.91	0.01	1.1%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be \$33,135,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$103,293,000
Family Health and Chronic Disease	577,000
Developmental Disabilities	14,327,000
Behavioral Health Services	23,904,000

#### Social Services

Homeless Services	140,000
Women's Services	79,000
Adult Services	170,000
Child Welfare Services	3,762,000
Foster Care	3,814,000
Temporary Cash Assistance	119,000

#### Senior Citizen Services

Long-term Care	296,000
Community Services	103,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Butterfly Ridge Elementary School – construction	\$4,000,000
Sugarloaf Elementary School – construction	8,507,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Myersville Library – construction	750,000
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**Frederick Community College**

Building E – renovation and addition	300,000
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**Community Parks and Playgrounds**

Burkittsville Memorial Park	83,000
Stonegate Park	84,000

**Chesapeake Bay Restoration Fund**

Lewistown – wastewater collection system	985,000
Lewistown WWTP – enhanced nutrient removal	960,000

**Other Projects**

Boys and Girls Club of Frederick County	200,000
Brunswick Junior Railroaders Youth Sports Facility	20,000
Camp Shoresh	73,500
CrossRoads Freedom Center Recovery Housing	55,000
Frederick – Culler Lake revitalization	150,000
Helen Smith Studio	25,000
Historical Society of Frederick County, Inc.	25,000
Northwest Trek Conservation and Education Center	50,000
Performing Arts Statutory Trust – New Spire Arts	250,000

**D. Capital Projects for State Facilities in the County**

**Maryland School for the Deaf**

Veditz Building – infrastructure upgrades	\$586,000
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## Garrett County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$11,215	\$11,680	\$464	4.1%
Compensatory Education	4,604	4,458	-146	-3.2%
Student Transportation	2,992	3,031	39	1.3%
Special Education	1,032	1,002	-30	-2.9%
Limited English Proficiency Grants	11	25	14	126.7%
Declining Enrollment Grants	209	41	-168	-80.3%
Adult Education	79	79	0	0.0%
Aging Schools	38	38	0	0.0%
Prekindergarten Grants	608	852	244	40.1%
Other Education Aid	953	992	40	4.2%
<b>Primary and Secondary Education</b>	<b>\$21,741</b>	<b>\$22,198</b>	<b>\$457</b>	<b>2.1%</b>
Libraries	\$151	\$163	\$13	8.3%
Community Colleges	3,935	4,015	80	2.0%
Health Formula Grant	771	733	-38	-5.0%
Transportation <sup>1</sup>	1,341	1,715	374	27.9%
Police and Public Safety <sup>1</sup>	226	224	-2	-1.0%
Fire and Rescue Aid <sup>1</sup>	300	300	0	0.0%
Recreation and Natural Resources	202	298	96	47.5%
Disparity Grant	2,131	2,131	0	0.0%
Teachers Retirement Supplemental Grant	406	406	0	0.0%
Other Direct Aid	0	1,491	1,491	n/a
<b>Total Direct Aid</b>	<b>\$31,205</b>	<b>\$33,675</b>	<b>\$2,471</b>	<b>7.9%</b>
Aid Per Capita (\$)	\$1,067	\$1,152	\$85	7.9%
Property Tax Equivalent (\$)	0.68	0.73	0.05	7.4%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be \$3,484,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$23,570,000
Family Health and Chronic Disease	428,000
Developmental Disabilities	2,820,000
Behavioral Health Services	4,647,000

**Social Services**

Homeless Services	41,000
Women’s Services	203,000
Adult Services	20,000
Child Welfare Services	1,478,000
Foster Care	1,214,000
Temporary Cash Assistance	20,000

**Senior Citizen Services**

Long-term Care	111,000
Community Services	70,000

**C. Selected State Grants for Capital Projects****Community Parks and Playgrounds**

Friendsville Community Park	\$33,000
Town Park	20,000

**Chesapeake Bay Restoration Fund**

Deep Creek Lake WWTP – enhanced nutrient removal	7,200,000
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**Waterway Improvement**

Arrowhead Cove – dredging	1,115,000
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**Other Projects**

Garrett County – Bloomington Water Distribution System	164,000
Grantsville Volunteer Fire Company	25,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Casselman River Bridge State Park	\$1,380,000
Deep Creek Lake State Park – boat ramp dock replacement	150,000
New Germany State Park – day use area and beach improvements	4,375,000

**Maryland Environmental Service**

Backbone Mountain Youth Center – well upgrades	301,000
Swallow Falls State Park – water and wastewater treatment plant upgrades	955,000

## Harford County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$138,970	\$141,639	\$2,669	1.9%
Compensatory Education	34,335	34,404	70	0.2%
Student Transportation	12,634	12,879	246	1.9%
Special Education	19,904	19,301	-603	-3.0%
Limited English Proficiency Grants	1,758	2,238	480	27.3%
Declining Enrollment Grants	356	0	-356	-100.0%
Adult Education	129	129	0	0.0%
Aging Schools	217	217	0	0.0%
Prekindergarten Grants	44	64	20	46.1%
Other Education Aid	974	1,131	157	16.2%
<b>Primary and Secondary Education</b>	<b>\$209,320</b>	<b>\$212,003</b>	<b>\$2,683</b>	<b>1.3%</b>
Libraries	\$1,604	\$1,672	\$68	4.2%
Community Colleges	12,070	12,476	406	3.4%
Health Formula Grant	2,361	2,383	22	0.9%
Transportation <sup>1</sup>	3,590	4,467	878	24.5%
Police and Public Safety <sup>1</sup>	2,843	2,850	8	0.3%
Fire and Rescue Aid <sup>1</sup>	573	573	0	0.0%
Recreation and Natural Resources	1,455	2,139	684	47.0%
<b>Total Direct Aid</b>	<b>\$233,816</b>	<b>\$238,564</b>	<b>\$4,748</b>	<b>2.0%</b>
Aid Per Capita (\$)	\$927	\$946	\$19	2.0%
Property Tax Equivalent (\$)	0.82	0.83	0.01	0.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be \$30,142,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$115,957,000
Family Health and Chronic Disease	836,000
Developmental Disabilities	10,324,000
Behavioral Health Services	22,744,000

#### Social Services

Homeless Services	111,000
Women's Services	352,000
Adult Services	239,000
Child Welfare Services	3,810,000
Foster Care	7,715,000
Temporary Cash Assistance	178,000

#### Senior Citizen Services

Long-term Care	337,000
Community Services	93,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Havre de Grace Middle/High School – construction \$7,000,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Abingdon Library – renovation 500,000

**Harford Community College**

Fallston Hall – renovation 3,460,000

**Chesapeake Bay Restoration Fund**

Ashley Knolls – sewer disposal facility 1,090,000

**Waterway Improvement**

Havre de Grace Yacht Basin – pier re-decking 29,000

Otter Point Creek – boating facility improvements 99,000

Otter Point Creek – maintenance dredging 750,000

Rumsey Island/Taylor Creek – channel dredging 45,000

Taylor Creek – channel dredging 63,250

**Hazardous Substance Cleanup Program**

Former Ames Shopping Plaza – hazardous waste remediation 100,000

**Other Projects**

Aberdeen Proving Ground Discovery Preview Center 250,000

Community Projects of Havre de Grace, Inc. – Historic Colored School 96,000

Sexual Assault/Spouse Abuse Resource Center 125,000

## Howard County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$167,021	\$173,587	\$6,566	3.9%
Compensatory Education	30,380	31,926	1,545	5.1%
Student Transportation	17,494	18,155	661	3.8%
Special Education	16,138	16,558	421	2.6%
Limited English Proficiency Grants	7,878	9,322	1,444	18.3%
Geographic Cost of Education Index	5,709	5,868	159	2.8%
Adult Education	296	296	0	0.0%
Aging Schools	88	88	0	0.0%
Prekindergarten Grants	157	230	72	46.1%
Other Education Aid	1,704	1,522	-182	-10.7%
<b>Primary and Secondary Education</b>	<b>\$246,865</b>	<b>\$257,552</b>	<b>\$10,687</b>	<b>4.3%</b>
Libraries	\$940	\$983	\$43	4.6%
Community Colleges	19,705	20,672	967	4.9%
Health Formula Grant	1,760	1,781	21	1.2%
Transportation	2,924	3,953	1,029	35.2%
Police and Public Safety	3,748	3,838	90	2.4%
Fire and Rescue Aid	617	617	0	0.0%
Recreation and Natural Resources	2,580	3,826	1,247	48.3%
Gaming Impact Aid	89	89	0	0.0%
<b>Total Direct Aid</b>	<b>\$279,230</b>	<b>\$293,313</b>	<b>\$14,084</b>	<b>5.0%</b>
Aid Per Capita (\$)	\$870	\$913	\$44	5.0%
Property Tax Equivalent (\$)	0.54	0.56	0.02	2.7%

**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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be \$60,719,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$118,464,000
Family Health and Chronic Disease	643,000
Developmental Disabilities	57,000,000
Behavioral Health Services	24,218,000

**Social Services**

Homeless Services	82,000
Women’s Services	97,000
Adult Services	24,000
Child Welfare Services	3,130,000
Foster Care	2,790,000
Temporary Cash Assistance	130,000

**Senior Citizen Services**

Long-term Care	320,000
Community Services	38,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Atholton Elementary School – renovations (roof)	\$588,000
Harpers Choice Middle School – renovations (roof)	1,862,000
Long Reach High School – renovations (building envelope)	2,000,000
Supplemental Capital Grant Program for Local School Systems	5,446,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Howard Community College**

Nursing and Science and Technology Buildings – renovation	9,888,000
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**Community Health Facilities Grant Program**

iHomes, Inc.	554,000
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**Other Projects**

Ellicott City – flood mitigation	750,000
Ellicott City Public Arts Project	175,000
Harriet Tubman Community Center and Museum	500,000
Howard County General Hospital	220,000
Howard County Housing Commission – Columbia Cultural Arts Center	500,000
Howard County Youth Program	100,000
Lisbon Volunteer Fire Department	125,000
Merriweather Post Pavilion	8,000,000
PHILLIPS School	150,000
Sheppard Pratt Hospital	4,000,000

**D. Capital Projects for State Facilities in the County****Department of Health**

Perkins Hospital Center – north wing renovation	\$375,000
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## Kent County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$3,539	\$3,611	\$72	2.0%
Compensatory Education	2,593	2,703	110	4.3%
Student Transportation	1,578	1,594	16	1.0%
Special Education	861	855	-6	-0.7%
Limited English Proficiency Grants	131	173	43	32.9%
Declining Enrollment Grants	142	113	-30	-20.8%
Geographic Cost of Education Index	133	132	-1	-0.7%
Aging Schools	38	38	0	0.0%
Prekindergarten Grants	73	128	56	76.7%
Other Education Aid	790	715	-75	-9.5%
<b>Primary and Secondary Education</b>	<b>\$9,877</b>	<b>\$10,062</b>	<b>\$185</b>	<b>1.9%</b>
Libraries	\$95	\$103	\$7	7.5%
Community Colleges	528	551	23	4.3%
Health Formula Grant	625	605	-20	-3.2%
Transportation <sup>1</sup>	623	794	170	27.3%
Police and Public Safety <sup>1</sup>	200	200	-1	-0.4%
Fire and Rescue Aid <sup>1</sup>	311	311	0	0.0%
Recreation and Natural Resources	122	180	58	47.1%
<b>Total Direct Aid</b>	<b>\$12,383</b>	<b>\$12,805</b>	<b>\$422</b>	<b>3.4%</b>
Aid Per Capita (\$)	\$639	\$661	\$22	3.4%
Property Tax Equivalent (\$)	0.42	0.43	0.01	2.9%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be \$1,875,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$14,828,000
Family Health and Chronic Disease	445,000
Developmental Disabilities	2,634,000
Behavioral Health Services	3,775,000

#### Social Services

Homeless Services	1,000
Women's Services	22,000
Adult Services	45,000
Child Welfare Services	607,000
Foster Care	445,000
Temporary Cash Assistance	23,000

#### Senior Citizen Services

Long-term Care	331,000
Community Services	98,000

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

**C. Selected State Grants for Capital Projects**

**Community Parks and Playgrounds**

Louisa d’Andelot Carpenter Park	\$138,000
Rock Hall Town Ballfield	75,000

**Waterway Improvement**

Chestertown Marina – bulkhead and pier improvements	99,000
Quaker Neck Landing – ADA accessible pier	97,500

**Other Projects**

Camp Fairlee	200,000
Chestertown – municipal marina revitalization	500,000
Echo Hill Outdoor School	30,000
Washington College – academic building	4,000,000

**D. Capital Projects for State Facilities in the County**

**Department of Natural Resources**

Sassafras NRMA – day use area improvements	\$2,543,000
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## Montgomery County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$338,745	\$351,745	\$13,000	3.8%
Compensatory Education	140,037	141,593	1,556	1.1%
Student Transportation	42,090	43,245	1,154	2.7%
Special Education	59,601	59,535	-66	-0.1%
Limited English Proficiency Grants	64,722	73,546	8,824	13.6%
Geographic Cost of Education Index	36,855	37,712	857	2.3%
Adult Education	972	972	0	0.0%
Aging Schools	603	603	0	0.0%
Prekindergarten Grants	1,508	2,202	694	46.1%
Other Education Aid	5,102	5,296	194	3.8%
<b>Primary and Secondary Education</b>	<b>\$690,234</b>	<b>\$716,448</b>	<b>\$26,214</b>	<b>3.8%</b>
Libraries	\$3,120	\$3,236	\$116	3.7%
Community Colleges	49,860	51,286	1,427	2.9%
Health Formula Grant	3,968	4,039	71	1.8%
Transportation <sup>1</sup>	10,203	13,016	2,813	27.6%
Police and Public Safety <sup>1</sup>	16,126	16,304	177	1.1%
Fire and Rescue Aid <sup>1</sup>	1,962	1,962	0	0.0%
Recreation and Natural Resources	6,498	9,693	3,195	49.2%
<b>Total Direct Aid</b>	<b>\$781,970</b>	<b>\$815,984</b>	<b>\$34,014</b>	<b>4.3%</b>
Aid Per Capita (\$)	\$739	\$771	\$32	4.3%
Property Tax Equivalent (\$)	0.41	0.42	0.01	1.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be \$170,140,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$427,318,000
Family Health and Chronic Disease	1,273,000
Developmental Disabilities	78,410,000
Behavioral Health Services	83,004,000

#### Social Services

Homeless Services	341,000
Women's Services	202,000
Adult Services	611,000
Child Welfare Services	10,811,000
Foster Care	15,428,000
Temporary Cash Assistance	382,000

#### Senior Citizen Services

Long-term Care	1,412,000
Community Services	297,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Richard Montgomery Elementary School – construction	\$6,317,247
Wayside Elementary School – construction	1,000,000
Wheaton High School – construction	16,500,089
Supplemental Capital Grant Program for Local School Systems	25,912,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Wheaton Library – construction	200,000
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**Montgomery College**

Rockville – Student Services Center	13,824,000
Takoma Park/Silver Spring – Math and Science Center	1,741,000

**Local Jails and Detention Centers**

County Pre-Release Center – dietary center improvements	1,618,000
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**Community Health Facilities Grant Program**

Avery Road Treatment Center	1,505,000
Housing Unlimited, Inc.	941,000
Main Street Connect, Inc.	885,000

**Federally Qualified Health Centers Grant Program**

Mary’s Center for Maternal and Child Care, Inc.	818,000
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**Community Parks and Playgrounds**

Dolores R. Miller Park	67,000
St. Paul Park	34,000
Wootton’s Mill Park	94,000

**Waterway Improvement**

Seneca Landing Park – ADA accessible boat ramp and floating dock	99,500
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**Other Projects**

A Wider Circle Community Service Center	750,000
Arts on the Block Studio	100,000
Bender Jewish Community Center of Greater Washington	75,000
Charles E. Smith Life Communities	250,000
Dream Catcher Meadows	50,000
Easter Seals Inter-Generational Center	100,000
Family Services, Inc. – upcounty nonprofit hub	1,000,000
Gandhi Brigade Youth Media	150,000
Holy Cross Health, Inc.	500,000
Ivymount School	65,000
Josiah Henson Park	200,000
Melvin J. Berman Hebrew Academy	150,000
Metropolitan Ballet Theatre	100,000
National Center for Children and Families	75,000
Nonprofit Village Center	100,000
Noyes Children’s Library	100,000
Olney Theatre	2,000,000
Our House Youth Home	200,000
Poolesville Grape Crushing Economic Development Facility	1,000,000
Residential Continuum, Inc. – group home renovations	250,000
Rockville – Senior Center	200,000
Rockville Welcome Center	100,000
Round House Theatre	350,000
Sandy Spring Odd Fellows Lodge	15,000
Strathmore Hall	3,000,000
The Treatment and Learning Centers, Inc. – Katherine Thomas School	200,000
Winter Growth, Inc.	30,000

**D. Capital Projects for State Facilities in the County****University System of Maryland**

Shady Grove – Biomedical Sciences and Engineering Education Facility	\$23,114,000
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## Prince George’s County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$573,394	\$589,413	\$16,019	2.8%
Compensatory Education	282,089	286,326	4,237	1.5%
Student Transportation	40,694	41,559	865	2.1%
Special Education	68,859	67,252	-1,607	-2.3%
Limited English Proficiency Grants	94,281	107,415	13,134	13.9%
Guaranteed Tax Base	5,665	1,294	-4,371	-77.2%
Geographic Cost of Education Index	42,000	43,073	1,073	2.6%
Adult Education	735	735	0	0.0%
Aging Schools	1,209	1,209	0	0.0%
Prekindergarten Grants	940	1,373	433	46.1%
Other Education Aid	3,782	3,243	-540	-14.3%
<b>Primary and Secondary Education</b>	<b>\$1,113,649</b>	<b>\$1,142,893</b>	<b>\$29,244</b>	<b>2.6%</b>
Libraries	\$7,402	\$7,477	\$75	1.0%
Community Colleges	30,496	31,632	1,136	3.7%
Health Formula Grant	6,349	6,458	109	1.7%
Transportation <sup>1</sup>	10,776	13,282	2,506	23.3%
Police and Public Safety <sup>1</sup>	19,602	19,774	172	0.9%
Fire and Rescue Aid <sup>1</sup>	1,699	1,699	0	0.0%
Recreation and Natural Resources	5,591	8,214	2,623	46.9%
Disparity Grant	30,877	34,100	3,222	10.4%
Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0%
Gaming Impact Aid	22,407	23,045	638	2.8%
<b>Total Direct Aid</b>	<b>\$1,258,476</b>	<b>\$1,298,201</b>	<b>\$39,725</b>	<b>3.2%</b>
Aid Per Capita (\$)	\$1,379	\$1,422	\$44	3.2%
Property Tax Equivalent (\$)	1.39	1.36	-0.03	-2.3%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Prince George’s County for teachers, librarians, and community college faculty are estimated to be \$116,211,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$476,168,000
Family Health and Chronic Disease	28,724,000
Developmental Disabilities	73,420,000
Behavioral Health Services	74,974,000

**Social Services**

Homeless Services	623,000
Women’s Services	319,000
Adult Services	575,000
Child Welfare Services	11,462,000
Foster Care	19,200,000
Temporary Cash Assistance	632,000

**Senior Citizen Services**

Long-term Care	1,098,000
Community Services	271,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Bowie-Belair Annex High School – construction	\$6,174,000
Dwight Eisenhower Middle School – renovations (HVAC/building envelope)	3,674,753
Phyllis E. Williams Elementary School – renovations (piping)	1,932,000
Stephen Decatur Middle School – construction	8,200,000
Tulip Grove Elementary School – construction	197,000
Woodridge Elementary School – renovations (HVAC)	1,335,000
Supplemental Capital Grant Program for Local School Systems	18,073,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Prince George’s Community College**

Marlboro Hall – renovation and addition	2,065,000
Queen Anne Academic Center – renovation and addition	9,099,000

**Local Jails and Detention Centers**

County Correctional Center – medical unit renovation and expansion	2,448,000
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**Senior Centers Grant Program**

Hampton Park Senior Activity Center	800,000
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**Community Parks and Playgrounds**

Martin Luther King Community Park	182,000
White Marsh Playground	275,000

**Chesapeake Bay Restoration Fund**

Broad Creek Basin – sanitary sewer reconstruction	4,550,000
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**Hazardous Substance Cleanup Program**

Mr. G’s Cleaners – hazardous waste remediation	50,000
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**Coastal Resiliency Program**

Eagle Harbor – shoreline improvements	875,000
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**Other Projects**

Alice Ferguson Foundation, Inc. – Potomac Watershed Study Center	150,000
Bishop McNamara High School – gymnasium	50,000
Bowie – Emergency Operations Center	100,000
Bowie – Senior Center	200,000
Bowie Volunteer Fire Department	75,000
Calvary Breath of Life Community Center	100,000
Camp Springs Elks Lodge No. 2332	25,000
District Heights – senior day facility	500,000
Eagle Harbor – town office	130,000
Fort Washington Baptist Church	200,000
Greenbelt – Greenbelt Station Hiker and Biker Trail	75,000
Hillel Center for Social Justice	1,000,000
Hyattsville Community Development Corporation – Armory Plaza	300,000
Lanham Boys and Girls Club Sports Park	75,000
Laurel – Riverfront Park	100,000
Liberty Sports Park	2,500,000
Love Never Fails International Church – public plaza/community overlook	25,000
Maryland Intergenerational Family Life Center	50,000
Mount Rainier – Civic Center	100,000
Prince George’s County Boys and Girls Club, Inc. – Sports Park	100,000
Prince George’s County Volunteer Marine, Fire, and Rescue Department	50,000
South County Dog Park	250,000
St. John’s Broad Creek Episcopal Church – Broad Creek Recreation/Wellness Project	25,000
St. Thomas Methodist Church	25,000
The Arc of Prince George’s County	100,000
The Children’s Guild, Inc. – College Park Early Learning Center	250,000
The Ivy Village Incubator for Nonprofit Excellence	180,000
The Training Source, Inc.	250,000

**D. Capital Projects for State Facilities in the County****Maryland Department of Veterans Affairs**

Cheltenham Veterans Cemetery – expansion (federal funds)	\$2,000,000
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**Department of Natural Resources**

Fort Washington Marina – dock removal	99,500
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**University System of Maryland**

Bowie State – campuswide boiler and chiller replacement	1,500,000
College Park – Bioengineering Building	3,608,000
College Park – Brendan Iribe Center for Computer Science and Innovation	3,900,000
College Park – Chemistry Building	2,700,000
College Park – Cole Field House	22,289,000
College Park – north campus dining hall replacement	6,000,000
College Park – residence halls construction	43,000,000
College Park – School of Public Policy	2,000,000

**Other**

University of Maryland Medical System – Capital Region Medical Center	48,000,000
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## Queen Anne’s County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$22,301	\$22,527	\$227	1.0%
Compensatory Education	5,140	5,066	-73	-1.4%
Student Transportation	3,377	3,438	62	1.8%
Special Education	1,994	2,000	5	0.3%
Limited English Proficiency Grants	572	686	114	19.9%
Declining Enrollment Grants	22	0	-22	-100.0%
Geographic Cost of Education Index	576	586	10	1.8%
Aging Schools	50	50	0	0.0%
Prekindergarten Grants	294	429	135	46.1%
Other Education Aid	727	1,123	396	54.5%
<b>Primary and Secondary Education</b>	<b>\$35,051</b>	<b>\$35,906</b>	<b>\$854</b>	<b>2.4%</b>
Libraries	\$170	\$175	5	3.0%
Community Colleges	1,917	2,156	239	12.4%
Health Formula Grant	628	618	-10	-1.5%
Transportation <sup>1</sup>	1,095	1,451	356	32.5%
Police and Public Safety <sup>1</sup>	434	435	1	0.2%
Fire and Rescue Aid <sup>1</sup>	300	300	0	0.0%
Recreation and Natural Resources	261	390	129	49.2%
<b>Total Direct Aid</b>	<b>\$39,857</b>	<b>\$41,431</b>	<b>\$1,574</b>	<b>3.9%</b>
Aid Per Capita (\$)	\$801	\$832	\$32	3.9%
Property Tax Equivalent (\$)	0.50	0.51	0.01	1.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Queen Anne’s County for teachers, librarians, and community college faculty are estimated to be \$6,305,000.

## B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$22,276,000
Family Health and Chronic Disease	391,000
Developmental Disabilities	2,598,000
Behavioral Health Services	4,426,000

### Social Services

Homeless Services	10,000
Women’s Services	22,000
Adult Services	135,000
Child Welfare Services	987,000
Foster Care	420,000
Temporary Cash Assistance	25,000

### Senior Citizen Services

Long-term Care	105,000
Community Services	31,000

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Church Hill Elementary School – renovations (chiller)	\$107,000
Kent Island High School – renovations (chiller/cooling tower)	699,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Community Parks and Playgrounds**

Wharf Park	198,000
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**Waterway Improvement**

Centreville Wharf – boat slip improvements	85,000
Chesapeake Heritage and Visitor Center – bulkhead replacement and dredging	202,500
Grasonville Volunteer Fire Department – purchase thermal imaging camera	10,000
Kent Narrows – maintenance dredging	400,000
Prices Creek – maintenance dredging	800,000

**Other Projects**

Compass Regional Hospice	1,000,000
Talisman Therapeutic Riding Farm	250,000

**D. Capital Projects for State Facilities in the County**

**Department of Natural Resources**

Matapeake Marine Terminal – purchase police patrol boat	\$100,000
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**Maryland Environmental Service**

Eastern Pre-Release Facility – wastewater treatment plant improvements	132,000
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## St. Mary’s County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$72,516	\$73,565	\$1,049	1.4%
Compensatory Education	18,044	18,259	214	1.2%
Student Transportation	7,029	7,125	95	1.4%
Special Education	6,139	6,243	104	1.7%
Limited English Proficiency Grants	903	1,039	136	15.0%
Geographic Cost of Education Index	240	242	2	0.9%
Aging Schools	50	50	0	0.0%
Prekindergarten Grants	44	64	20	46.1%
Other Education Aid	664	692	27	4.1%
<b>Primary and Secondary Education</b>	<b>\$105,631</b>	<b>\$107,279</b>	<b>\$1,648</b>	<b>1.6%</b>
Libraries	\$719	\$772	\$53	7.4%
Community Colleges	3,084	3,130	46	1.5%
Health Formula Grant	1,078	1,092	14	1.3%
Transportation <sup>1</sup>	1,524	2,039	515	33.8%
Police and Public Safety <sup>1</sup>	941	958	17	1.8%
Fire and Rescue Aid <sup>1</sup>	300	300	0	0.0%
Recreation and Natural Resources	493	725	233	47.2%
<b>Total Direct Aid</b>	<b>\$113,769</b>	<b>\$116,296</b>	<b>\$2,527</b>	<b>2.2%</b>
Aid Per Capita (\$)	\$1,010	\$1,032	\$22	2.2%
Property Tax Equivalent (\$)	0.91	0.92	0.01	1.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for St. Mary’s County for teachers, librarians, and community college faculty are estimated to be \$13,690,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$56,513,000
Family Health and Chronic Disease	505,000
Developmental Disabilities	8,730,000
Behavioral Health Services	10,178,000

**Social Services**

Homeless Services	84,000
Women’s Services	115,000
Adult Services	122,000
Child Welfare Services	2,248,000
Foster Care	3,170,000
Temporary Cash Assistance	176,000

**Senior Citizen Services**

Long-term Care	138,000
Community Services	58,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Hollywood Elementary School – renovations (HVAC/roof/fire safety)	\$2,260,000
Park Hall Elementary School – renovations (HVAC/roof)	2,378,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Public Libraries**

Leonardtown Library – construction	500,000
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**College of Southern Maryland**

Hughesville – Health Sciences Center	8,962,000
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**Local Jails and Detention Centers**

County Detention Center – housing and medical units upgrades	731,000
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**Waterway Improvement**

Leonardtown Wharf – transient boat dock and slips replacement	99,500
Ridge Volunteer Fire Department – purchase side scan sonar for fire boat	14,000

**Coastal Resiliency Program**

St. Catherine's Island – shoreline improvements	595,000
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**Other Projects**

Innovative Center for Autonomous Systems	750,000
St. Mary's Nursing Center	75,000

**D. Capital Projects for State Facilities in the County****Maryland Environmental Service**

St. Mary's College – water distribution and treatment facilities improvements	\$100,000
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**Historic St. Mary's City Commission**

Dove Pier	550,000
Farthing's Ordinary Complex – Pavilion	277,000
Maryland Dove	2,000,000
Maryland Heritage Interpretive Center	1,000,000

**St. Mary's College**

Academic Building and Auditorium – construction	3,600,000
Campuswide – infrastructure improvements	2,405,000

## Somerset County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$14,435	\$14,208	-\$227	-1.6%
Compensatory Education	10,276	10,117	-159	-1.5%
Student Transportation	1,910	1,939	28	1.5%
Special Education	1,785	1,766	-18	-1.0%
Limited English Proficiency Grants	635	666	31	4.9%
Guaranteed Tax Base	1,732	1,711	-21	-1.2%
Declining Enrollment Grants	0	302	302	n/a
Adult Education	182	182	0	0.0%
Aging Schools	38	38	0	0.0%
Prekindergarten Grants	779	1,273	493	63.3%
Other Education Aid	386	397	11	2.9%
<b><i>Primary and Secondary Education</i></b>	<b><i>\$32,159</i></b>	<b><i>\$32,599</i></b>	<b><i>\$440</i></b>	<b><i>1.4%</i></b>
Libraries	\$287	\$303	\$15	5.3%
Community Colleges	838	836	-2	-0.2%
Health Formula Grant	579	589	10	1.8%
Transportation <sup>1</sup>	748	944	196	26.3%
Police and Public Safety <sup>1</sup>	240	243	3	1.2%
Fire and Rescue Aid <sup>1</sup>	309	309	0	0.0%
Recreation and Natural Resources	118	172	54	45.5%
Disparity Grant	4,908	5,176	268	5.5%
Teachers Retirement Supplemental Grant	382	382	0	0.0%
Other Direct Aid	0	467	467	n/a
<b>Total Direct Aid</b>	<b>\$40,569</b>	<b>\$42,021</b>	<b>\$1,452</b>	<b>3.6%</b>
Aid Per Capita (\$)	\$1,565	\$1,621	\$56	3.6%
Property Tax Equivalent (\$)	2.83	2.95	0.12	4.1%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be \$2,813,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$27,760,000
Family Health and Chronic Disease	571,000
Developmental Disabilities	3,170,000
Behavioral Health Services	6,895,000

**Social Services**

Homeless Services	4,000
Women’s Services	50,000
Adult Services	146,000
Child Welfare Services	1,426,000
Foster Care	872,000
Temporary Cash Assistance	61,000

**Senior Citizen Services**

Long-term Care	503,000
Community Services	257,000

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\***

J. M. Tawes Technology and Career Center – construction	\$13,000,000
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\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Waterway Improvement**

Rumbley Harbor – dock and retaining walls replacement	99,000
Smith Island – Ewell dock repairs	50,000

**Coastal Resiliency Program**

Deal Island – shoreline improvements	1,230,000
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**Other Projects**

Teackle Mansion and the Sarah Martin Done House	100,000
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**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Janes Island State Park – cabin replacement and site work	\$1,525,000
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**Maryland Environmental Service**

Eastern Correctional Institution – co-generation plant upgrades	115,000
Eastern Correctional Institution – wastewater treatment plant upgrade	4,587,000
Eastern Correctional Institution – water tower	320,000

## Talbot County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$4,543	\$4,669	\$125	2.8%
Compensatory Education	5,063	5,357	294	5.8%
Student Transportation	1,671	1,732	61	3.6%
Special Education	1,034	1,127	93	9.0%
Limited English Proficiency Grants	789	895	107	13.5%
Declining Enrollment Grants	133	0	-133	-100.0%
Adult Education	524	524	0	0.0%
Aging Schools	38	38	0	0.0%
Other Education Aid	486	516	29	6.1%
<b>Primary and Secondary Education</b>	<b>\$14,283</b>	<b>\$14,859</b>	<b>\$576</b>	<b>4.0%</b>
Libraries	\$113	\$116	\$3	2.7%
Community Colleges	1,817	1,849	32	1.8%
Health Formula Grant	605	569	-36	-6.0%
Transportation <sup>1</sup>	1,661	1,930	269	16.2%
Police and Public Safety <sup>1</sup>	422	422	0	0.0%
Fire and Rescue Aid <sup>1</sup>	319	319	0	0.0%
Recreation and Natural Resources	274	410	136	49.6%
<b>Total Direct Aid</b>	<b>\$19,493</b>	<b>\$20,473</b>	<b>\$980</b>	<b>5.0%</b>
Aid Per Capita (\$)	\$525	\$552	\$26	5.0%
Property Tax Equivalent (\$)	0.23	0.24	0.01	5.0%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be \$3,742,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$22,845,000
Family Health and Chronic Disease	416,000
Developmental Disabilities	2,745,000
Behavioral Health Services	5,003,000

#### Social Services

Homeless Services	27,000
Women's Services	22,000
Adult Services	77,000
Child Welfare Services	1,290,000
Foster Care	929,000
Temporary Cash Assistance	25,000

#### Senior Citizen Services

Long-term Care	331,000
Community Services	98,000

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

**C. Selected State Grants for Capital Projects**

**Public Schools\***

Easton Elementary School – construction \$4,000,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Community Health Facilities Grant Program**

Channel Marker, Inc. 250,000

**Senior Centers Grant Program**

St. Michael’s Family YMCA and Senior Center 800,000

**Water Supply Financial Assistance Program**

Trappe – water main replacement 596,000

**Waterway Improvement**

Back Creek Park – San Domingo Creek dredging 36,000

Oxford – public boating facilities improvements 50,000

Tongers Basin – maintenance dredging 100,000

**Other Projects**

Avalon Theatre 200,000

St. Michael’s YMCA Senior Center 500,000

## Washington County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$103,361	\$105,523	\$2,161	2.1%
Compensatory Education	44,799	45,484	686	1.5%
Student Transportation	7,378	7,421	43	0.6%
Special Education	9,096	9,398	301	3.3%
Limited English Proficiency Grants	1,935	2,429	494	25.5%
Guaranteed Tax Base	6,591	7,076	485	7.4%
Adult Education	160	160	0	0.0%
Aging Schools	135	135	0	0.0%
Prekindergarten Grants	477	697	220	46.1%
Other Education Aid	1,653	1,579	-75	-4.5%
<b>Primary and Secondary Education</b>	<b>\$175,586</b>	<b>\$179,902</b>	<b>\$4,316</b>	<b>2.5%</b>
Libraries	\$1,294	\$1,361	\$67	5.2%
Community Colleges	9,400	9,503	102	1.1%
Health Formula Grant	1,889	1,887	-2	-0.1%
Transportation <sup>1</sup>	3,310	4,033	723	21.8%
Police and Public Safety <sup>1</sup>	1,513	1,524	11	0.7%
Fire and Rescue Aid <sup>1</sup>	340	340	0	0.0%
Recreation and Natural Resources	774	1,129	355	45.9%
Disparity Grant	1,660	1,903	243	14.6%
<b>Total Direct Aid</b>	<b>\$195,766</b>	<b>\$201,580</b>	<b>\$5,814</b>	<b>3.0%</b>
Aid Per Capita (\$)	\$1,300	\$1,339	\$39	3.0%
Property Tax Equivalent (\$)	1.53	1.54	0.01	0.6%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be \$17,906,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$122,580,000
Family Health and Chronic Disease	555,000
Developmental Disabilities	33,656,000
Behavioral Health Services	22,566,000

**Social Services**

Homeless Services	149,000
Women’s Services	209,000
Adult Services	337,000
Child Welfare Services	4,620,000
Foster Care	5,669,000
Temporary Cash Assistance	264,000

**Senior Citizen Services**

Long-term Care	254,000
Community Services	198,000

**C. Selected State Grants for Capital Projects****Public Schools\***

Sharpsburg Elementary School – construction	\$6,511,000
Urban Educational Campus – construction	3,963,000

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Hagerstown Community College**

Center for Business and Entrepreneurial Studies	278,000
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**Other Projects**

Blind Industries and Services of Maryland – Hagerstown Paper and Plastic Plant	1,000,000
Hagerstown – urban improvement project	750,000
National Road Museum	50,000
Smithsburg Town Hall Tower	12,000
The Maryland Theatre	250,000
Thomas Kennedy Memorial Park	300,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Albert Powell Fish Hatchery – improvements	\$429,000
Greenbrier State Park – boating facility improvements	75,000
National Park Service – Four Locks boat ramp maintenance	183,427

## Wicomico County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$74,765	\$75,747	\$982	1.3%
Compensatory Education	44,370	44,251	-119	-0.3%
Student Transportation	5,341	5,379	38	0.7%
Special Education	8,142	7,986	-157	-1.9%
Limited English Proficiency Grants	4,867	5,993	1,125	23.1%
Guaranteed Tax Base	6,568	7,090	522	7.9%
Adult Education	320	320	0	0.0%
Aging Schools	107	107	0	0.0%
Prekindergarten Grants	147	215	68	46.1%
Other Education Aid	979	1,202	224	22.8%
<b>Primary and Secondary Education</b>	<b>\$145,605</b>	<b>\$148,289</b>	<b>\$2,683</b>	<b>1.8%</b>
Libraries	\$1,051	\$1,091	\$40	3.8%
Community Colleges	5,107	5,627	520	10.2%
Health Formula Grant	1,347	1,355	9	0.6%
Transportation <sup>1</sup>	2,678	3,229	551	20.6%
Police and Public Safety <sup>1</sup>	1,117	1,125	8	0.7%
Fire and Rescue Aid <sup>1</sup>	336	336	0	0.0%
Recreation and Natural Resources	517	753	236	45.7%
Disparity Grant	8,233	8,970	737	9.0%
Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0%
<b>Total Direct Aid</b>	<b>\$167,559</b>	<b>\$172,344</b>	<b>\$4,785</b>	<b>2.9%</b>
Aid Per Capita (\$)	\$1,628	\$1,674	\$46	2.9%
Property Tax Equivalent (\$)	2.67	2.68	0.01	0.5%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be \$12,742,000.

### B. Estimated State Spending on Selected Health and Social Services

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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

Medicaid	\$93,930,000
Family Health and Chronic Disease	801,000
Developmental Disabilities	18,887,000
Behavioral Health Services	16,149,000

#### Social Services

Homeless Services	56,000
Women's Services	50,000
Adult Services	22,000
Child Welfare Services	2,752,000
Foster Care	2,146,000
Temporary Cash Assistance	184,000

#### Senior Citizen Services

Long-term Care	503,000
Community Services	257,000

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\***

Delmar Elementary School – construction	\$2,000,000
West Salisbury Elementary School – construction	3,708,800

\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Federally Qualified Health Centers Grant Program**

Three Lower Counties Community Services, Inc.	1,253,000
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**Community Parks and Playgrounds**

Cherry Beach	13,000
Mason-Dixon Sports Complex	104,000
Waterside Park	121,000

**Water Supply Financial Assistance Program**

Wicomico Regional Airport – water extension	1,500,000
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**Waterway Improvement**

Cedar Hill Marina – replace bulkhead and finger pier	99,000
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**Other Projects**

Arthur Perdue Stadium	580,000
Rotary Club of Salisbury Foundation, Inc. – Rotary Labyrinth	100,000
Salisbury – infrastructure upgrades	500,000

**D. Capital Projects for State Facilities in the County**

**Department of Agriculture**

Salisbury Animal Health Laboratory	\$4,975,000
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**University System of Maryland**

Salisbury University – Guerrieri University Center renovation	7,500,000
Salisbury University – Maggs Natatorium renovation	10,000,000

## Worcester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$6,618	\$6,681	\$63	0.9%
Compensatory Education	7,281	7,257	-24	-0.3%
Student Transportation	3,075	3,105	29	1.0%
Special Education	1,835	1,764	-72	-3.9%
Limited English Proficiency Grants	347	380	33	9.6%
Adult Education	152	152	0	0.0%
Aging Schools	38	38	0	0.0%
Prekindergarten Grants	110	161	51	46.1%
Other Education Aid	468	500	32	6.7%
<b>Primary and Secondary Education</b>	<b>\$19,925</b>	<b>\$20,037</b>	<b>\$112</b>	<b>0.6%</b>
Libraries	\$155	\$159	\$5	3.1%
Community Colleges	2,269	2,430	161	7.1%
Health Formula Grant	901	840	-62	-6.9%
Transportation <sup>1</sup>	1,692	2,098	406	24.0%
Police and Public Safety <sup>1</sup>	768	829	61	8.0%
Fire and Rescue Aid <sup>1</sup>	382	382	0	0.0%
Recreation and Natural Resources	488	565	77	15.8%
Gaming Impact Aid	3,724	4,050	326	8.8%
<b>Total Direct Aid</b>	<b>\$30,304</b>	<b>\$31,390</b>	<b>\$1,086</b>	<b>3.6%</b>
Aid Per Capita (\$)	\$586	\$607	\$21	3.6%
Property Tax Equivalent (\$)	0.19	0.20	0.01	2.1%

<sup>1</sup> 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 a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2019 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be \$7,115,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Department of Health, the Department of Aging, the Department of Human Services, the Department of Housing and Community Development, 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 2019 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 2018) 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**

Medicaid	\$35,557,000
Family Health and Chronic Disease	611,000
Developmental Disabilities	2,345,000
Behavioral Health Services	7,757,000

**Social Services**

Homeless Services	21,000
Women’s Services	75,000
Adult Services	44,000
Child Welfare Services	1,551,000
Foster Care	1,557,000
Temporary Cash Assistance	36,000

**Senior Citizen Services**

Long-term Care	503,000
Community Services	257,000

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\***

Showell Elementary School – construction	\$2,500,000
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\* The final allocation of fiscal 2019 school construction funding will be made in May 2018.

**Community Health Facilities Grant Program**

Joan W. Jenkins Foundation, Inc.	171,000
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**Other Projects**

Atlantic General Hospital	1,303,000
Coastal Hospice, Inc.	500,000
Pocomoke Little League	75,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Ocean City – beach replenishment	\$2,000,000
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## **Part B Taxes**

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### **Property Tax**

#### **Property Tax Administration**

##### **Physical Inspection of Real Property**

Real property is valued and assessed once every three years. Statute requires that the assessments be based on a physical inspection; however, for practical purposes, this does not always happen, and properties that are not valued by a physical inspection within an assessment cycle are instead valued by the State Department of Assessments and Taxation (SDAT) using a variety of assessment techniques including computer modeling, sales analysis, and physical inspections.

*Senate Bill 10 (passed)* repeals the requirement that SDAT value all real property based on an exterior physical inspection of the real property. Instead, *Senate Bill 10* requires SDAT to value real property based on a review of each property in each three-year cycle. The review by SDAT must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale, and the inspection is deemed necessary by SDAT for purposes of market analysis; (4) the property owner requests a physical inspection as part of an active appeal; (5) SDAT is notified by a county finance officer that a substantially completed improvement has been made that adds at least \$1.0 million in value to the property; or (6) the department determines that a physical inspection is appropriate.

##### **Personal Property Tax Exemption**

In Maryland, there is a tax on business-owned personal property that is imposed and collected by local governments. Personal property generally includes business property such as furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. To provide for uniform assessments, SDAT is

responsible for assessing all personal property. Each county or municipal government is responsible for issuing the tax bills and collecting the tax.

*House Bill 90 (Ch. 102)* provides an exemption from personal property valuation and taxation if the total original cost of the personal property was less than \$2,500.

### **Utility Property Valuation**

*Senate Bill 98 (passed)* requires SDAT to apportion the assessment of operating property for public utilities uniformly, regardless of whether the utility is domestic or foreign, the property is real or personal, or the property was placed into service prior to or after January 1, 1968. The operating property is apportioned among the counties and municipalities where the property is located. The bill codifies the apportionment process currently used by SDAT.

### **Processing of Property Tax Exemptions**

*Senate Bill 84 (passed)* repeals a requirement that a local supervisor of assessments send a copy of each application for a property tax exemption to SDAT headquarters in Baltimore for approval or rejection. Instead, *Senate Bill 84* requires that the supervisor at the local assessment office approve or reject each application for exemption. The bill codifies the practice currently used by the department in processing exemption applications.

### **Homestead Property Tax Credit – Notification Requirements**

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%.

*House Bill 990 (passed)* requires SDAT to mail to each individual who acquires residential real property, and who indicates in the land records that the property will be their principal residence, a notice informing the individual that the individual may be eligible for the homestead property tax credit. The notice must be sent within a reasonable amount of time after the acquisition of the property and contain information on how to apply for the tax credit. The department must ensure that the information it provides is accurate and up to date.

*House Bill 305 (passed)* requires SDAT to identify homeowners who may be eligible for the homestead property tax credit but have failed to apply for the tax credit and include a separate insert with each assessment notice that is sent to these homeowners informing them that they may be eligible for the tax credit and how to apply for the credit.

### **Administration of Local Property Tax Credits**

Chapter 686 of 2017 authorized county and municipal governments to grant a property tax credit for dwellings owned by specified public safety officers. SDAT is responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit. County and municipal governments must reimburse SDAT for the reasonable cost of administering the property tax credit.

*House Bill 89 (passed)* repeals the requirement that SDAT administer the local property tax credit program for public safety officers that was established by Chapter 686 of 2017. Instead, *House Bill 89* requires that local governments administer the tax credit program. *House Bill 89* also alters the calculation of the property tax credit by specifying that the tax credit may not exceed the lesser of \$2,500 or the amount of property tax imposed on the dwelling.

### **Property Tax Records**

Chapter 529 of 2017 prohibits SDAT, when conducting a real property reassessment after an appeal, from automatically eliminating a reduction in an assessment of the property that was granted by a Property Tax Assessment Appeals Board or the Maryland Tax Court. SDAT may eliminate a reduction in the assessment that was granted if the specific reason for the reduction no longer applies.

*House Bill 1660 (passed)* requires SDAT to include a note in each property record describing any assessment reduction resulting from an order or decision of a Property Tax Assessment Appeals Board, the Maryland Tax Court, or any other court issued on or after October 1, 2014, and the specific reason for the reduction. *House Bill 1660* also extends the application of Chapter 529 of 2017 to any assessment appeal filed with a supervisor of assessments on or after October 1, 2014, that is still pending a final decision on the appeal on or after October 1, 2017.

### **Property Tax Liens**

*Senate Bill 925/House Bill 1178 (both passed)* specify that a lien that is the result of unpaid property tax of the lessee of property that is owned by the federal, State, or local government does attach to any leasehold interest in any property within a specified development district, special taxing district, or a community development authority in Frederick County. This provision does not apply to any reversionary interest of the federal government, the State, a county, or a municipality, or an agency or instrumentality of the federal government, the State, a county, or a municipality.

### **Property Tax Credits**

#### **Seniors and Veterans**

Chapter 498 of 2016 authorized local governments to grant, by law, a property tax credit for a dwelling owned by (1) an individual who is at least 65 years old and has lived in the same

dwelling for at least the preceding 40 years or (2) a retired member of the U.S. Armed Forces who is at least 65 years old. The amount of the property tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to 5 years. Chapter 184 of 2017 altered the eligibility criteria of the property tax credit by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard.

*Senate Bill 429/House Bill 502 (both passed)* alter the eligibility criteria for specified members of the U.S. Armed Forces by adding the surviving spouse of the retired service member as an eligible recipient of the property tax credit. However, to be eligible for the property tax credit, the surviving spouse cannot be remarried.

### **9-1-1 Public Safety Telecommunicators**

*Senate Bill 1053 (passed)* authorizes county and municipal governments to provide a property tax credit for a dwelling owned by a specified 9-1-1 public safety telecommunicator. The amount of the tax credit may not exceed \$2,500 per dwelling.

### **Promoting extraordinary Innovation in Maryland's Economy (PRIME Act)**

*Senate Bill 877 (passed)* is an Administration bill that provides tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to the Department of Commerce a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures.

A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, a qualifying business may receive the property tax credit proposed by the bill and a tax credit under the Businesses That Create New Jobs Tax Credit Program.

For a further discussion of *Senate Bill 877*, see the subpart "Income Tax" within this part of this *90 Day Report*.

### **Burial Ground Improvements**

*Senate Bill 1242/House Bill 877 (both passed)* authorize county and municipal governments to grant a property tax credit against the local property tax imposed on an improvement of real property that substantiates, demarcates, commemorates, or celebrates a burial ground.

For a further discussion of *Senate Bill 1242/House Bill 877*, see the subpart "Real Property" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

## Payment in Lieu of Taxes Agreements

Counties are authorized to enter into a payment in lieu of taxes (PILOT) agreement with the owner of an electricity generation facility that is located or locates in the county. The agreement must provide that (1) the owner pay to the county a specified amount each year in lieu of county property taxes and (2) all or a specified part of the real and personal property at the facility be exempt from county property tax for the term of the agreement. *Senate Bill 1251 (Ch. 69)* is emergency legislation that authorizes municipalities to enter into a PILOT agreement with the owner of an electricity generation facility that is located or locates in the municipality. The agreement must provide that (1) the owner pay to the municipality a specified amount each year in lieu of municipal property taxes and (2) all or a specified part of the real and personal property at the facility be exempt from municipal property tax for the term of the agreement.

*House Bill 220 (Ch. 126)* establishes that a “Montgomery County Housing Authority entity” is an entity that is controlled or wholly owned by the Housing Opportunities Commission of Montgomery County (HOC). HOC is the public housing agency for Montgomery County. A nonprofit entity is deemed controlled by HOC under specified circumstances. As a result, *House Bill 220* extends a specified real property tax exemption to a nonprofit entity controlled by HOC. The entity must pay the county an amount, if any, that may be mutually agreed on in a PILOT agreement.

## Tax Sales

Chapters 615 and 616 of 2017 established the Task Force to Study Tax Sales in Maryland. The task force was required to (1) evaluate and assess the impact of tax sales in Maryland; (2) evaluate how tax sales are conducted in each county; (3) evaluate tax sales to collect delinquent water charges and alternative methods of collecting delinquent water charges; and (4) examine and make recommendations for reform of the tax sale process in Maryland. Several bills were introduced during the 2018 legislative session addressing the recommendations of the task force.

*Senate Bill 951 (passed)* makes multiple changes to the law governing tax sales in the State by expanding several provisions of law that are only applicable in Baltimore City, authorizing each county or municipal corporation to, among other things, release liens to facilitate transfer of properties sold at tax sale, sell abandoned property for less than the total amount owed, and expedite the foreclosure of abandoned property. *Senate Bill 951* also authorizes counties to withhold properties from sale that have been designated for redevelopment purposes.

Except in Baltimore City, the collector *may* withhold from sale any property when the total taxes on the property, including interest and penalties, amount to less than \$250 in any one year. In Baltimore City, the collector *must* withhold from sale owner-occupied residential property when the total taxes on the property, including interest and penalties, amount to less than \$750. *Senate Bill 952/House Bill 1465 (Chs. 58 and 59)* authorize a collector of property taxes to withhold from tax sale any residential property when the total taxes due, including interest and penalties, amount to less than \$750. *Senate Bill 952/House Bill 1465* also require that certain notices sent to property owners before and after a tax sale include a separate insert with information

about free housing counseling and other programs that may assist homeowners in avoiding tax sale costs and foreclosure, including the homeowners' property tax credit.

### **Baltimore City – Water and Sewer Service**

In Baltimore City, the mayor and city council may not sell a property solely to enforce a lien for unpaid charges for water and sewer service unless (1) for a property other than owner-occupied residential property, the lien is for at least \$350 or, for an owner-occupied residential property, the lien is for at least \$750, and (2) the unpaid charges for water and sewer service are at least three quarters in arrears. Generally, the mayor and city council may enforce a lien on a property other than owner-occupied residential property for unpaid water and sewer service that is less than \$350 if the property is being sold to enforce another lien. Additionally, the mayor and city council may enforce a lien on owner-occupied residential property for unpaid water and sewer service that is less than \$750 if the property is being sold to enforce another lien.

*Senate Bill 1098 (passed)* requires the tax collector in Baltimore City to withhold residential property from sale, if the taxes on the property consist only of a lien for unpaid water and sewer charges. *Senate Bill 1098* also prohibits the Mayor and City Council of Baltimore City from selling a property solely to enforce a lien for unpaid charges for water and sewer service unless the property is not a residential property. The bill terminates on December 31, 2019.

## **Local Property Taxes**

### **Baltimore City**

Chapters 558 and 559 of 2016 authorize Baltimore City to grant a property tax credit for a dwelling owned by a Baltimore City public safety officer if the public safety officer is otherwise eligible for the homestead property tax credit. The amount of the property tax credit may not exceed \$2,500 per dwelling in any taxable year. *Senate Bill 394/House Bill 117 (both passed)* add sworn law enforcement officers employed full time by the Baltimore City Public School System to those eligible for the property tax credit.

### **Baltimore County**

*Senate Bill 599 (passed)* requires Baltimore County to grant a property tax credit to homeowners who are at least 70 years old and qualify to receive either the State homeowners' property tax credit or the Baltimore County local homeowners' property tax credit supplement, under specified circumstances. In order to receive this property tax credit, the homeowner may not receive any other property tax credit provided by Baltimore County. The amount of the property tax credit is equal to 50% of the amount of the combined tax credits received from the State homeowners' property tax credit and the Baltimore County local homeowners' property tax credit supplement.

*Senate Bill 1143 (passed)* authorizes Baltimore County to grant a property tax credit for real property owned or leased by Leadership Through Athletics, provided that in the case of real property that is leased, the amount of the tax credit accrues to Leadership Through Athletics.

### **Howard County**

Chapter 137 of 2017 authorized Howard County to grant a property tax credit for commercial real property that has been determined to have suffered flood damage or sewer damage caused by flood conditions. *House Bill 1186 (Ch. 141)* alters this property tax credit by including damage caused by a natural disaster for both residential and commercial property.

### **Washington County**

Chapters 362 and 363 of 2016 authorized Washington County to grant a property tax credit for the dwelling house owned by a disabled veteran or the surviving spouse of a disabled veteran. The amount of the property tax credit is equal to the percentage of the disabled veteran's service-connected disability rating. *Senate Bill 887/House Bill 1147 (both passed)* expand the eligibility for this Washington County property tax credit by repealing the requirement that the veteran must have at least a 50% service-connected disability in order to be eligible.

## **Income Tax**

### **Federal Tax Cuts and Jobs Act of 2017**

#### **Impact on Maryland Taxpayers**

The federal Tax Cuts and Jobs Act of 2017 (Public Law 115-97) was signed into law on December 22, 2017, and enacted significant changes to federal taxes, including the personal income tax. The Act reduces federal income taxes paid by many households primarily by (1) decreasing tax rates and taxing income at lower rates by altering the tax brackets; (2) expanding the child tax credit; and (3) roughly doubling the value of the standard deduction. In addition, some high-income households will pay less taxes due to (1) a reduction in the alternative minimum tax and (2) the repeal of a limitation on itemized deductions that can be claimed by certain high-income taxpayers.

The Act also reduces or eliminates several existing income tax benefits by (1) eliminating the benefit of the federal personal exemption; (2) eliminating or reducing certain itemized deductions; and (3) using an alternative method of adjusting income tax components for inflation. Most of the personal income tax provisions are in effect for tax years 2018 through 2025.

Several provisions will impact State income taxes, including the elimination of miscellaneous deductions and a limitation on the value of the State and local taxes paid deduction. As a result of the increased value of the federal standard deduction, and that under current law only those taxpayers who itemize for federal income tax purposes can itemize on their State income tax return, the Act will also reduce the number of State taxpayers who itemize deductions.

In January 2018, the Comptroller's Office issued an analysis of the impact of the federal Tax Cuts and Jobs Act on Maryland taxpayers and State and local revenues. In its revised estimate issued in February 2018, the Comptroller's Office estimates that 71% of Maryland taxpayers will

pay less in federal taxes, 13% will pay more, and the remaining 16% will not be impacted. In total, federal taxes paid by Maryland residents will decrease by \$2.75 billion – reflecting a decrease of \$3.54 billion paid by 2.0 million taxpayers and an increase of \$782 million paid by 376,000 taxpayers. The Comptroller’s Office estimates that the federal legislation will not impact the State and local income taxes paid by 71% of all taxpayers. About 6% of taxpayers will pay less and about 23% will pay additional State and local income taxes. In total, the Comptroller’s Office estimates that 9% of all taxpayers will have a net increase in federal, State, and local tax liabilities and the remaining 91% of taxpayers will have no change or a net decrease in federal, State, and local tax liabilities.

As a result, the Comptroller’s Office estimated that the changes to the State personal income tax will result in net additional State revenues of \$403.9 million in fiscal 2019 and \$315.9 million in fiscal 2020. Local income tax revenues will increase by an estimated \$255.0 million in fiscal 2019 and \$199.0 million in fiscal 2020. A significant portion of the revenue gain is due to the shift in taxpayers who will now claim the standard deduction.

### **Bills Considered by General Assembly in Response to Federal Act**

The General Assembly considered a number of bills that would have altered the personal income tax in light of the impacts of the federal legislation. *Senate Bill 733/House Bill 875 (both failed)* were Administration bills that would have decoupled the State income tax from specified amendments to the federal Internal Revenue Code that increased State revenues. The bills also would have allowed an individual to itemize deductions for State income tax purposes without regard to whether or not the individual itemizes for federal income tax purposes.

### **Legislation Passed by the General Assembly**

As discussed above, it is expected that the federal legislation will increase the number of individuals who claim the standard deduction for State income tax purposes. *Senate Bill 318/House Bill 570 (both passed)* alter the value of the standard deduction beginning in tax year 2018 by increasing its maximum value from \$2,000 to \$2,250 for single taxpayers and from \$4,000 to \$4,500 for taxpayers filing jointly. Beginning in tax year 2019, the value of the standard deduction is indexed based on the annual change in the cost of living. It is estimated that altering the value of the standard deduction will decrease State revenues by \$56.6 million in fiscal 2019, \$44.2 million in fiscal 2020, \$49.7 million in fiscal 2021, \$55.4 million in fiscal 2022, and by \$61.5 million in fiscal 2023.

Under the State income tax, an individual is entitled to claim the same number of personal exemptions that can be claimed for federal income tax purposes. *Senate Bill 184/House Bill 365 (both passed)* clarify that for State income tax purposes a taxpayer can deduct a personal exemption for the taxpayer, the taxpayer’s spouse, and eligible dependents under Section 152 of the Internal Revenue Code.

## Administration Proposals

### Paid Sick Leave Tax Credit

During the 2017 session, the General Assembly passed House Bill 1. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session, and the bill became law as Chapter 1 in February 2018. Chapter 1, cited as the Maryland Healthy Working Families Act, requires an employer with 15 or more employees to have a sick and safe leave policy under which an employee earns at least 1 hour of *paid* sick and safe leave, at the same rate as the employee normally earns, for every 30 hours an employee works. An employer with 14 or fewer employees must have a sick and safe leave policy that provides an employee with at least *unpaid* sick and safe leave based on the same conditions that apply to an employer required to provide paid sick and safe leave.

To offset some of the costs incurred by small businesses for providing paid leave, the Governor introduced a tax credit for small businesses that provide certain employee benefits. As proposed by the Administration, *Senate Bill 134 (passed)* would have created a credit against the State income tax for a small business that employs fewer than 50 employees and provides specified employee benefits to a qualified employee who earns 200% or less of the annual federal poverty guidelines for a single-person household.

As passed by the General Assembly, *Senate Bill 134* creates a refundable credit against the State income tax for a small business that employs 14 or fewer employees and provides paid sick and safe leave in accordance with the Maryland Healthy Working Families Act to a qualified employee who earns 250% or less of the annual federal poverty guidelines for a single-person household. The credit is the lesser of \$500 for each qualified employee or the total amount of paid earned sick and safe leave accrued by qualified employees. The Department of Commerce (Commerce) may issue tax credit certificates not exceeding \$5 million annually beginning in tax year 2018.

### Amazon.com Tax Incentives

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America and encouraged localities to submit proposals that described potential sites, incentive packages, and real estate opportunities. A reported 238 localities submitted proposals and in January 2018, Amazon announced a list of 20 finalists that included Montgomery County. Also in January 2018, the Governor announced an incentive package to encourage the company to build its second headquarters in Montgomery County. The Administration indicated that the incentives included over \$3 billion in financial incentives and \$2 billion in unspecified transportation improvements. Pursuant to this effort, the Administration announced it would introduce legislation to establish the tax incentives.

*Senate Bill 877 (passed)* establishes tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to Commerce a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures.

A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, the bill allows a business to receive both the property tax credit proposed by the bill and a tax credit under the Businesses That Create New Jobs Tax Credit Program.

If a business establishes a qualifying project, State revenues will decrease by a potential \$25.6 million in fiscal 2019, \$23.9 million in fiscal 2020, \$23.2 million in fiscal 2021, \$22.6 million in fiscal 2022, and by \$54.8 million in fiscal 2023. Over time, the potential net impact on State finances will total an estimated \$5.6 billion decrease in revenues/increase in expenditures. Local revenues may decrease by a total of \$0.9 billion, for a combined total of \$6.5 billion in State and local incentives.

## **Tax Credit Legislation**

### **New Tax Credits**

*Senate Bill 182/House Bill 7 (both passed)* create a tax credit against the State income tax for up to \$50 of the expenses incurred to butcher and process an antlerless deer for human consumption if the processed deer meat is donated to a venison donation program administered by a nonprofit organization.

### **Tax Credit Extensions, Expansions, or Alterations**

*Senate Bill 1154 (passed)* alters the film production activity tax credit by (1) eliminating the program's reserve fund; (2) requiring the Secretary of Commerce to reserve 10% of all tax credits in each fiscal year for qualified small or independent film entities; and (3) altering specified eligibility and reporting requirements. The bill specifies that the Secretary of Commerce may award in each fiscal year a maximum of (1) \$8 million in fiscal 2019; (2) \$11 million in fiscal 2020; (3) \$14 million in fiscal 2021; (4) \$17 million in fiscal 2022; and (5) \$20 million annually in fiscal 2023 and each fiscal year thereafter.

*Senate Bill 228 (passed)* extends through fiscal 2023 the termination date of the cybersecurity investment incentive tax credit. The bill also (1) alters the program by specifying that the investor who makes the qualifying investment in a Maryland cybersecurity company claims the tax credit instead of the cybersecurity company and (2) alters specified eligibility requirements.

In addition, the bill creates a tax credit against the State income tax for a qualified buyer who purchases cybersecurity technology or services from a Maryland company that meets specified requirements. The amount of the credit is equal to 50% of the qualified cost of the technology or service, not to exceed \$50,000 for each qualified buyer. Commerce must administer the tax credit and may approve a maximum of \$2.0 million in credits in tax year 2018 and \$4.0 million annually beginning in tax year 2019.

Low-income workers can qualify for federal and State earned income tax credits. Under federal law, eligibility for individuals without a qualifying child is limited to individuals who are between the ages of 25 and 64. *Senate Bill 647/House Bill 856 (both passed)* expand eligibility for the State credit for individuals without a qualifying child by eliminating the requirement that an individual must be at least 25 years of age. Expanding the tax credit is estimated to decrease State revenues by \$7.5 million in fiscal 2019 and by about \$5.5 million annually thereafter.

*Senate Bill 967/House Bill 1454 (both passed)* alter the heritage structure rehabilitation commercial tax credit program by (1) providing an additional 5% credit if the rehabilitation qualifies as affordable housing; (2) eliminating the existing requirement that the rehabilitations of multiple structures that are functionally related to serve an overall purpose are treated as a single commercial rehabilitation; and (3) requiring that an initial credit certificate that expires or is otherwise unclaimed remains in the program reserve fund and can be reissued in the following fiscal year.

There is a nonrefundable tax credit against the State income tax equal to \$5 for each bushel of oyster shells recycled during the taxable year, not to exceed \$750 per tax return. *Senate Bill 153/House Bill 572 (both passed)* increase the maximum amount of the oyster shell recycling tax credit that an individual or corporation may claim from \$750 per tax return to \$1,500 per tax return. Additionally, *Senate Bill 153* extends the termination date of the credit by five years to June 30, 2023, while *House Bill 572* extends the termination date of the credit by three years to June 30, 2021.

Chapters 689 and 690 of 2016 established the student loan debt relief tax credit, a refundable income tax credit of up to \$5,000. *House Bill 593 (passed)* expands eligibility for the tax credit by specifying that student loan debt includes graduate school debt.

Generally, under the One Maryland Program, businesses that (1) establish or expand a business facility in a priority funding area; (2) are located in a qualified distressed county; and (3) are primarily engaged in specified business activities may be entitled to tax credits for costs related to the new or expanded facility. *Senate Bill 989/House Bill 1295 (both passed)* make several changes to the One Maryland tax credit, including establishing tiered credit amounts and expanding geographic eligibility. It is estimated that the bills will reduce State income tax revenues by \$0.8 million in fiscal 2019, \$2.5 million in fiscal 2020, \$4.2 million in fiscal 2021, \$5.2 million in fiscal 2022, and \$6.9 million in fiscal 2023.

### **Procedures to Claim Credits**

The State provides several nonrefundable tax credits for which taxpayers must file an amended income tax return to claim the credit. Several bills allow a taxpayer to claim specified tax credits without having to file an amended tax return.

*Senate Bill 848/House Bill 302 (both passed)* alter the method by which an individual or corporation may claim the wineries and vineyards income tax credit by allowing a taxpayer to attach a copy of the tax credit certification to an income tax return filed for any taxable year after

the taxable year in which the qualified capital expenses were incurred. The bills also extend the termination date of the tax credit to June 30, 2021.

*Senate Bill 563 (passed)* alters the method by which an individual or corporation may claim the research and development (R&D) income tax credit by allowing a taxpayer to attach a copy of the tax credit certification to an income tax return filed for any of the seven taxable years after the taxable year in which the R&D expenses were incurred.

*Senate Bill 564 (passed)* alters the method by which an individual or corporation may claim the employer security clearance costs income tax credit by allowing a taxpayer to attach a copy of the tax credit certification to an income tax return filed for any taxable year after the taxable year in which the costs were incurred.

### **Subtraction Modification Legislation**

*Senate Bill 996 (passed)* expands the existing military retirement income tax subtraction modification by increasing from \$10,000 to \$15,000 the maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 55 years old. The bill also expands the existing subtraction modification for retired law enforcement, fire, rescue, and emergency services personnel by extending eligibility to correctional officers. These provisions are also included separately in *House Bill 296 (passed)* and *House Bill 327 (passed)*. It is estimated that exempting additional retirement income will decrease State revenues by \$6.5 million in fiscal 2019 and by about \$7.0 million annually thereafter.

*House Bill 96 (Ch. 36)* creates a subtraction modification for up to \$7,500 of the qualified expenses incurred by a living organ donor. Eligible expenses include the unreimbursed travel and lodging expenses and lost wages that are attributable to the organ donation.

*House Bill 43 (passed)* creates a subtraction modification for the compensation received by an individual in exchange for the sale of a perpetual conservation easement on real property located in the State. The amount of the subtraction modification may not exceed \$50,000.

*House Bill 1069 (passed)* increases to \$7,000 the value of the subtraction modification for qualifying volunteer fire, rescue, or emergency medical services personnel. The increase in the maximum value is phased in over three years beginning in tax year 2020.

*House Bill 671 (passed)* creates a subtraction modification for classroom supplies that are purchased by an elementary or secondary classroom teacher. The amount of the subtraction cannot exceed \$250 of the unreimbursed expenses paid for classroom supplies used by students in the classroom or by the teacher for classroom teaching.

## Single Sales Factor Apportionment

Corporations engaged in multistate operations are required to determine the portion of their modified income attributable to Maryland, a determination that is based on the amount of their trade or business that is carried out in Maryland. Corporations are generally required to use a three-factor formula that incorporates property, payroll, and a double-weighted sales factor. Sales, thus, represent 50% of the final apportionment factor. The apportionment factor is then multiplied by a corporation's modified total income to determine the amount subject to Maryland tax. Corporations engaged primarily in manufacturing activities are required to use a one-factor formula based on sales, referred to as a "single sales factor." Under the single sales factor formula, income subject to Maryland income tax is determined by taking into account only the fraction of in-state sales to total sales made by the corporation. Most other businesses operating in the State must use the three-factor formula.

*Senate Bill 1090/House Bill 1794 (both passed)* phase in a single sales factor formula used to apportion income to the State for the corporate income tax over a five-year period beginning in tax year 2018. By tax year 2022, all corporations subject to the corporate income tax, with an exception for specified worldwide headquartered companies, that carry on a trade or business within and outside of the State must allocate to the State the part of the corporation's Maryland modified income derived from or attributed to being carried on in the State using an apportionment formula in which Maryland modified income is multiplied by 100% of the sales factor. It is estimated that the bills will reduce State income tax revenues by \$3.6 million in fiscal 2019, \$4.0 million in fiscal 2020, \$4.3 million in fiscal 2021, \$4.5 million in fiscal 2022, and \$6.0 million in fiscal 2023.

## Tax Administration

*Senate Bill 742 (Ch. 28)* delays by two years the time period in which local jurisdictions must reimburse the local income tax reserve account pursuant to specified refunds resulting from the final decision under *Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.*, 431 Md. 147 (2013).

## Sales Tax

### Amazon.com Headquarters

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America and encouraged localities to submit proposals that described potential sites, incentive packages, and real estate opportunities. A reported 238 localities submitted proposals. In January 2018, Amazon announced a list of 20 finalists that included Montgomery County. The Governor responded by announcing an incentive package to encourage the company to build its second headquarters in Montgomery County. The Administration indicated that the package included over \$3 billion in financial incentives and \$2 billion in unspecified transportation improvements. *Senate Bill 877 (passed)*

establishes various tax incentives for a Fortune 100 company that establishes an eligible project in the State, including an exemption from the State sales and use tax for qualified personal property and/or services purchased by a qualifying company for use at an eligible project. The Comptroller must issue a certificate of eligibility for the exemption, which may be renewed each year, not to exceed 10 consecutive years.

For a more detailed discussion of the tax incentives included in [Senate Bill 877](#), see the subpart “Income Tax” within this part of this *90 Day Report*.

## Hygienic Aids

[Senate Bill 81 \(Ch. 50\)](#) specifies that sanitary pads, menstrual sponges, menstrual cups, or other similar feminine hygiene products are exempt from the State sales and use tax. The Comptroller’s Office advised that it is the agency’s interpretation that these feminine hygiene products are exempt under current law, but that there may be inconsistent sales tax treatment of the items by retailers. As a result, the Act codifies the current interpretation of the law by the Comptroller.

## Peer-to-peer Car Sharing Program

A peer-to-peer car sharing program is a platform that is in the business of connecting vehicle owners with drivers to enable the sharing of motor vehicles for financial consideration. [Senate Bill 743 \(passed\)](#) establishes (1) a regulatory framework for peer-to-peer car sharing in the State, including insurance requirements and (2) a sales and use tax rate of 8% for sales and charges related to peer-to-peer car sharing for two years only, terminating in fiscal 2021.

For a more detailed discussion of [Senate Bill 743](#), see the subpart “Insurance Other than Health Insurance” within Part H – Business and Economic Issues of this *90 Day Report*.

## Miscellaneous Taxes

### Tax Administration

[Senate Bill 83 \(passed\)](#) extends, from March 15 to April 15, the filing deadline for public service company franchise tax returns that are filed with the State Department of Assessments and Taxation.

### Recordation and Transfer Taxes

[Senate Bill 372/House Bill 948 \(both passed\)](#) exempt from recordation and transfer taxes the transfer of real property without consideration if the transfer is made from a revocable trust to a beneficiary as a result of the death of the settlor of the trust. The bills also exempt from the motor vehicle excise tax and the titling fee vehicles that are transferred without consideration if

the transfer is made from a revocable trust to a beneficiary as a result of the death of the settlor of the trust.

*House Bill 223 (Ch. 138)* adds Howard County public school teachers to the list of qualified county employees who are eligible for a county transfer tax exemption for a first-time home purchase in the county and a reduced transfer tax rate for subsequent home purchases in the county.

### **Estate and Inheritance Taxes**

*Senate Bill 646/House Bill 308 (Chs. 15 and 21)* specify that the value of the federal unified credit used to calculate the Maryland estate tax for a decedent dying on or after January 1, 2019, is equal to the amount corresponding to an applicable exclusion amount of \$5.0 million. The Acts also establish “portability” under the State estate tax by allowing, under specified circumstances, the estate of a married taxpayer to pass along the unused part of the estate tax exclusion amount to the surviving spouse. A surviving spouse may subsequently elect to claim the unused portion of the estate tax exclusion amount of the predeceased spouse.

*House Bill 198 (passed)* exempts from the inheritance tax real property that passes to or for the use by a nephew or niece of the decedent, if the property is subject to a perpetual conservation easement that restricts the use of the property to farming purposes. If the real property exempted from the inheritance tax ceases to be used for farming purposes, the amount of the inheritance tax that would have been imposed at the time of the decedent’s death shall be recaptured. The bill applies to decedents dying after December 31, 2017.



## **Part C**

### **State Government**

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#### **State Agencies, Offices, and Officials**

##### **Workplace Harassment**

Recent events have highlighted the prevalence of sexual harassment in the workplace, and heightened awareness of the issue has prompted many private and public organizations to reexamine existing policy. Sexual harassment is a form of sex-based discrimination that is prohibited under both State and federal law. Each branch of State government is governed by the laws, personnel policies, and procedures applicable in that branch unless otherwise provided by law. Thus, an employee or official in the Judicial, Legislative, or Executive Branch of State government is governed by separate, although substantially similar, prohibitions on sexual harassment.

The General Assembly policy defines sexual harassment as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical contact of a sexual nature when, for example (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment, which is perceived by the victim to be abusive or hostile. Similarly, the policy defines workplace harassment to mean any harassment based on any characteristic protected by law and has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment. Workplace harassment includes sexual harassment.

Beginning in 2016, the Women Legislators of Maryland (Women's Caucus) created a working group to research the current process of sexual harassment reporting and review policies in the General Assembly and best practices in other states. In January 2018, the Workplace Harassment Commission was created by the President of the Senate and the Speaker of the House to review State workplace harassment policies including sexual harassment policies, solicit input

from policy experts, and make recommendations to the Legislative Policy Committee (LPC). The work of the Women's Caucus led to a number of recommendations released in February 2018. The Workplace Harassment Commission will release its recommendations in fall 2018.

### **Antiharassment Policies, Procedures, and Training**

*House Bill 1342 (passed)* is an emergency bill that makes several changes related to antiharassment procedures, policies, and training applicable to State government, including (1) prohibiting Executive Branch officials from unlawfully harassing or discriminating against an official, employee, intern, page, fellow, lobbyist, or member of the press; (2) requiring LPC to update its antiharassment policy and procedures governing members and employees of the General Assembly; (3) requiring the Joint Committee on Legislative Ethics (Ethics Committee) to review complaints involving General Assembly members that allege violations of the policy and procedures adopted by LPC; (4) establishing antiharassment duties and procedures for the State Ethics Commission relating to regulated lobbyists; and (5) establishing specific prohibitions relating to sexual harassment for lobbyists.

The bill requires that, unless the victim objects, the Ethics Committee must refer harassment or discrimination complaints against members of the General Assembly to an outside and independent investigator. The investigator shall evaluate and investigate the complaint unless the investigator recommends dismissal. After the investigation is completed, the investigator must submit findings and recommendations to the Ethics Committee, which are relayed to the complainant. The investigation can be delayed if the matter has been referred to a prosecuting authority. The bill prohibits State funds from being used to settle a claim of harassment or discrimination filed against a State official or employee.

On or before December 15, 2018, LPC must update the antiharassment policies and procedures governing members and employees of the General Assembly, and include provisions prohibiting harassment of members of the press. Going forward, LPC is required to review and update antiharassment policies and procedures at least once every two years in order to create and maintain an environment in which all members and employees are treated with respect and are free from unlawful discrimination and harassment. The Executive Director of the Department of Legislative Services (DLS) must maintain electronic records of each member of the General Assembly, each General Assembly employee, and each DLS employee who completes workplace harassment prevention training. These records must be published on the General Assembly website. The bill also prohibits lobbyists from harassing or discriminating against an official, employee, intern, page or fellow of any branch of State government; a lobbyist; or a member of the press. The State Ethics Commission is required to provide training to lobbyists on discrimination and harassment. Finally, the bill provides that a current or former member of the Workplace Harassment Commission may not serve as an outside and independent investigator.

### **Sexual Harassment Training for State Employees**

The Maryland Commission on Civil Rights generally provides sexual harassment training to State agencies and private businesses that request such training. *House Bill 1423 (passed)* requires each State employee to complete at least two hours of in-person or virtual training on

sexual harassment prevention within six months of the employee's initial appointment and once every two years thereafter. The training must include (1) information on laws prohibiting sexual harassment; (2) best practices in prevention and correction; (3) remedies and procedures available to victims; and (4) additional training for supervisors on properly responding to complaints and creating a workplace environment where sexual harassment is not tolerated. Each unit of State government must designate a representative to coordinate with the Maryland Commission on Civil Rights to implement the training, and the commission must train the designated representative on the prevention of sexual harassment. The Equal Employment Opportunity (EEO) coordinator is charged with enforcing the requirements of this bill for every Executive Branch governmental unit. The EEO coordinator is authorized to recommend an audit or review of any unit that has not complied with these training requirements. The bill also prohibits a person from bringing a lawsuit against the State for training or lack of training of an employee, unless the employee's actions are willful, wanton, or grossly negligent.

### **Equal Employment Opportunity Program Reports**

Each unit of the Executive Branch of State government must submit an annual report to the EEO coordinator about the activities that the unit undertook in that fiscal year to implement the EEO program, including (1) information about personnel practices within the unit; (2) a summary of complaints filed, investigated, resolved, and pending; and (3) information about relations with other units of State government. *House Bill 1228 (passed)* requires each Executive Branch unit to include information about sexual harassment policies and prevention training and a summary of sexual harassment complaints filed, investigated, resolved, and pending in its annual report to the EEO coordinator.

### **State Agencies**

#### **Language Access for State Government Websites**

Chapter 121 of 2016 required certain State departments, agencies, and programs, by October 2016, to take reasonable steps to operate and maintain, for each publicly accessible website that provides access to public services, equal access versions in any language spoken by any limited English proficient population that constitutes at least 0.5% of the overall population within the State as measured by the U.S. census and that can be translated free of charge. *Senate Bill 29 (passed)* expands these website translation requirements to all State departments, agencies, and programs. A State department, agency, or program is not required to provide equal access to website content if (1) it determines that an inaccurate translation of the content could lead to a denial of services or benefits; or (2) the content cannot be translated due to limitations of the translation software, including files in PDF format, images, and videos.

#### **Protection of Security-sensitive Data**

State agencies maintain significant volumes of personally identifiable information related to income taxes, medical assistance program claim histories, criminal backgrounds, public assistance, and driver's licenses. Except for the Legislative and Judicial branches of State government, units of State or local government that collect an individual's personal information

are required to 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. *Senate Bill 553 (passed)* requires each unit of State government to develop a plan to identify personnel who handle security-sensitive data and establish annual security overview training for those employees. Each unit must submit the plan to the Department of Information Technology (DoIT) by December 31, 2018. By January 31, 2019, DoIT must develop a plan to develop, maintain, and revise security training material that focuses on data protection and integrity and can be used by the Governor and any unit of State government. DoIT must also report on (1) the number of personnel who handle security-sensitive data identified by each unit of State government and (2) the total additional number of identified training licenses required to implement DoIT's security training plan beyond its existing training license growth projections.

### **Maryland Historical Trust**

A preservation easement is a type of conservation easement – a private legal right given by the owner of a property to a qualified easement-holding organization or governmental entity by written contract to protect a property with historic, architectural, or archeological significance in perpetuity. The Maryland Historical Trust (MHT) acquires easements in a variety of ways, including (1) donation by the property owner and (2) as a condition of State financing for construction projects that affect historic and cultural properties. Under current law, there is no set timeframe within which MHT must notify an applicant of the director's decision on an application for a change or alteration to a historic preservation easement held by MHT. *Senate Bill 960/House Bill 1230 (both passed)* establish that MHT must notify an applicant at the earlier of (1) the expiration of the period of time specified in the easement documentation in which MHT is required to notify the applicant of the director's decision or (2) 90 days after the application is submitted to MHT.

### **State House Trust**

The State House Trust is responsible for the restoration and preservation of the State House and must disapprove or approve or supervise (1) any proposed repair, improvement, or other change to the State House or to any other building within State Circle, including any change to the furnishings or fixtures of those buildings and (2) any proposed landscaping of the grounds of those buildings. *Senate Bill 608/House Bill 658 (both passed)* require the State House Trust to be responsible for the maintenance of Lawyer's Mall, including any construction on the mall. The trust must also disapprove or approve and supervise any proposed repair, improvement, or other change to Lawyer's Mall. The trust is not required to be responsible for, or disapprove or approve and supervise, the coordination, security, and scheduling of rallies and other events held on Lawyer's Mall.

### **Canal Place Preservation and Development Authority**

*House Bill 1245 (passed)* establishes a Task Force on the Canal Place Preservation and Development Authority to determine how to alter the powers of the authority as a State agency in order to align the mission and purpose of the Canal Place Heritage Area with that of other certified heritage areas. The task force, which is staffed by the Maryland Department of Planning, must

report its findings and recommendations to specified committees of the General Assembly by June 1, 2019.

## **Open Meetings Act**

Under the Open Meetings Act, each public body must designate at least one of its employees, officers, or members to receive training on the requirements of the open meetings law. Beginning October 1, 2017, a public body may not meet in open session unless a person designated for training is present in the meeting. If at least one such individual cannot be present at an open meeting of the public body, the body must complete a specified compliance checklist developed by the Office of the Attorney General and include the checklist in the meeting minutes. Public bodies are also prohibited from meeting in closed session unless at least one member of the body has been designated to receive training on the requirements of the open meetings law.

*Senate Bill 396 (passed)* provides that the requirement to designate at least one member of a public body to receive specified training on the open meetings law only applies to a public body that meets in closed session on or after October 1, 2017.

*House Bill 695 (passed)* authorizes a public body to meet in closed session to discuss cybersecurity, under the Open Meetings Act, if the public body determines that public discussion would constitute a risk to security assessments or deployments relating to information resources technology; network security information; or deployments of security personnel, critical infrastructure, or security devices.

## **The Military and Veterans**

The Maryland Veterans Service Animal Program pairs veterans with service or support dogs. There is also a special fund to support the program. Currently, the Maryland Department of Veterans Affairs (MDVA) posts on its website a list of individuals who have donated to the fund. Donors must request anonymity to opt out of the website posting. *Senate Bill 53/House Bill 242 (both passed)* authorize a designee of the Secretary of Veterans Affairs to administer the Maryland Veterans Service Animal Program Fund. The bills also provide that donors must authorize MDVA to publish their names before they can be posted online.

*House Bill 1096 (passed)* establishes the Veteran Employment and Transition Success Program and Fund in MDVA. The purpose of the program is to provide grants to assist transitioning veterans in obtaining a certification, license, or registration under the Health Occupations Article. MDVA must adopt regulations to establish the administration of the program and specify which individuals are eligible for a grant. The bill also establishes the Veteran Employment and Transition Fund. This special, nonlapsing fund administered by the Secretary of Veterans Affairs may only be used to provide grants under the program in accordance with the State budget. The fund consists of money appropriated in the State budget, investment earnings, and money accepted from any other source for the benefit of the fund. *House Bill 1096* will terminate on September 30, 2022.

## Vacancies in Office

Numerous offices, including those of cabinet secretaries and various boards and commissions, are required to be appointed by the Governor with the advice and consent of the Senate. In the case of any vacancy during the recess of the Senate, in any office for which the Governor has the power to fill, the Governor must appoint a suitable person to the office who continues to serve until the end of the next session of the General Assembly or until another person is appointed to the same office, whichever occurs first. The nomination of the person appointed during the recess, or of some other person, is made to the Senate on the first day of the next regular meeting of the Senate. No person, after being rejected by the Senate, may again be nominated for the same office at the same session, unless at the request of the Senate, or be appointed to the same office during the recess of the General Assembly.

During the 2017 session, the full Senate did not vote on the nomination of two cabinet secretaries. In both instances, the names were withdrawn prior to a full vote. After the adjournment of session, the Governor reappointed the two individuals. Litigation regarding the appointments is ongoing.

*Senate Bill 687 (Ch. 16)* specifies that an individual who was appointed to fill a vacancy in an office subject to Senate confirmation during the recess of the Senate or who was nominated to fill a vacancy in an office during a regular session of the Senate may not be nominated for the same office at the same session unless requested by the Senate, be appointed to the same office during the recess of the Senate, or continue to serve in the office or be designated to serve in an acting capacity for the same office after the adjournment of the regular session of the Senate at which the nomination was made if (1) the Governor withdrew the nomination during the regular session of the Senate at which the nomination was made; (2) the Senate failed to act on the nomination before the Senate adjourned the regular session at which the nomination was made and the individual was not reappointed to the office by the Governor; (3) the individual withdrew the individual's nomination; (4) the Governor fails to make the nomination on the first day of the regular session if required to do so; or (5) the individual is not confirmed by the Senate and is designated by the Governor to fill the vacancy in an acting capacity.

An individual who is prohibited from serving under the conditions listed above may not carry out the responsibilities of the office or make representations that they serve in the office. If the holder is in an office of a public body for which no salary is provided, any votes cast by an individual who, at the time the vote is conducted by the public body, is prohibited from continuing to serve in the office under the provisions specified above may not be counted. The presence of the individual may also not be counted for purposes of a quorum.

An individual who is designated to serve in an acting capacity to fill a vacancy in an office for which an appointment is required to be made with the advice and consent of the Senate may not serve in the office for more than 275 days after the date the designation was made. An individual may not continue to serve in an acting capacity after the adjournment of a regular session of the Senate if (1) the individual was serving in the acting capacity before the start of the regular

session, and (2) the individual was not nominated to fill the vacancy in the office during that regular session.

In addition, the individual may not receive any compensation, including a salary or reimbursement for expenses, related to serving in the office or carrying out the responsibilities of the office.

## **State Designations**

### **Frederick Douglass Bicentennial**

Frederick Douglass was born on the Eastern Shore of Maryland in 1818, and his birthday is celebrated on February 14. He escaped from slavery and became a lecturer for the Massachusetts Anti-Slavery Society. He published *The North Star* weekly, wrote three autobiographies, and participated in the first women’s rights convention at Seneca Falls, New York. Douglass was a leading opponent of the fugitive slave law. He was an advisor to President Abraham Lincoln, a U.S. Marshal for the District of Columbia, and Minister-General to the Republic of Haiti. *Senate Joint Resolution 6/House Joint Resolution 8 (both passed)* commemorate the bicentennial of his birth.

### **State Paleontology Collection and Research Center**

*Senate Bill 450/House Bill 727 (both passed)* designate the Calvert Marine Museum as the State paleontology collection and research center.

## **Elections**

### **Election Cybersecurity**

The Russian government launched a major hacking campaign targeting U.S. election infrastructure during the 2016 presidential election, according to federal intelligence agencies. Online voter registration systems or election agency public websites in 21 states were probed by Russian hackers in 2016, according to the Department of Homeland Security. Russian hackers attempted to penetrate Maryland’s online voter registration system but were unsuccessful. While the cyberattacks on election systems in most states were unsuccessful and the vote counting process was not compromised in any state, the voter registration database in at least one state was breached. Some voting system vendors were also targeted by hackers. Federal and state officials responded to these attacks by intensifying their efforts to protect state election systems. Federal officials expect Russia to continue or escalate its efforts to undermine the integrity of future U.S. elections.

The General Assembly passed several measures to improve the cybersecurity of the State’s election infrastructure. *House Bill 1278 (passed)* requires that an audit of the accuracy of the voting system’s tabulation of votes be conducted after each election. The bill also requires that an automated software audit of the electronic images of all ballots cast be conducted after each

primary and general election. The automated software audit involves using independent software to retabulate the election results using the images of the paper ballots that are captured when each ballot is scanned.

A manual audit of paper ballots must be conducted by hand and eye within 120 days after each general election. A manual audit of paper ballots is authorized, but not required, after each primary election. The manual audit involves hand counting paper ballots to obtain vote totals in a contest that may be compared to the vote totals produced for that contest by the electronic voting system. A manual audit must be conducted of at least 2% of precincts statewide, including at least one randomly chosen precinct in each county, and additional precincts selected by the State Board of Elections (SBE). In addition, a manual audit must be conducted of a number of early, absentee, and provisional votes equal to at least 1% of the statewide total in the previous comparable general election, including a minimum number in each county as prescribed by SBE. SBE is authorized to expand the manual audit if the audit shows a discrepancy. A report of the results of the audit must be posted on SBE's website. The public must be allowed to observe the manual audit to the extent practicable.

Neither the automated software audit nor the manual audit may have any effect on the certified election results and must be used to improve the voting system and voting process for future elections.

***House Bill 1331 (passed)*** includes several provisions related to election cybersecurity. The bill requires the State Administrator of Elections to submit a report to certain persons within seven days after becoming aware of a security violation or significant attempted security violation involving an election system owned, operated, or maintained by SBE or a local board of elections or an election system provided, supported, or maintained by an election service provider. The report must be submitted to SBE, the Governor, the President of the Senate, the Speaker of the House of Delegates, the Attorney General, and the Department of Information Technology (DoIT).

Within seven days after receiving a report from the State Administrator, DoIT is required to forward any additional relevant information to the State Administrator and all the officials who received the initial report. The Secretary of Information Technology may require that the information in a report be withheld from the general public if the Secretary determines that the public interest is served by withholding the information. An election service provider is required to notify the State Administrator in writing no later than four days after becoming aware of a security violation or significant attempted security violation involving an election system provided, supported, or maintained by the election service provider.

***House Bill 1331*** also alters the information a voter must provide to access an absentee ballot under certain circumstances. Under existing law, a voter who uses the online absentee ballot application to request that an absentee ballot be sent by any method must provide (1) a Maryland driver's license number or identification card number, the last four digits of a Social Security number, and other information identified by SBE that is not generally available to the public but is readily available to the applicant; or (2) if the applicant is an absent uniformed services voter or overseas voter as defined under the federal Uniformed and Overseas Citizens Absentee Voting Act

and does not have a Maryland driver’s license or Maryland identification card, a Social Security number. The bill requires a voter who uses any method to request to receive a blank absentee ballot through the Internet, including a paper form, to provide the same information that is required for the request made using the online absentee ballot application. The bill also provides that a voter with a disability who does not have a Maryland driver’s license or Maryland identification card may use the online absentee ballot application or request to receive a blank absentee ballot through the Internet by providing just a Social Security number.

Finally, *House Bill 1331* requires that each polling place and early voting center have a paper or electronic backup copy of the election register available for the use of the election judges in case the electronic pollbooks used to check in voters do not function properly during an election due to a cyberattack or other failure.

Chapter 358 of 2015 established the Maryland Cybersecurity Council to (1) examine inconsistencies between State and federal cybersecurity laws; (2) assist private-sector cybersecurity businesses in adopting, adapting, and implementing the NIST cybersecurity framework of standards and practices; and (3) recommend legislative changes to address cybersecurity issues. The council consists of several Executive Department secretaries and directors (or their designees), as well as representatives appointed by the Attorney General, the President of the Senate, and the Speaker of the House of Delegates. *Senate Bill 281 (passed)* alters the membership of the Maryland Cybersecurity Council to include the State Administrator of Elections, or the administrator’s designee.

The federal Consolidated Appropriation Act of 2018 (Omnibus Budget), which was signed by President Donald Trump on March 23, 2018, appropriated \$380 million to improve election security nationwide. These funds are to be distributed to each state no later than May 7, 2018, and Maryland’s allocation will be approximately \$7.0 million. The 2018 *Joint Chairmen’s Report* includes a request for SBE to submit a report to the budget committees by August 1, 2018, regarding how the new federal funds will be spent.

## **Voter Registration**

*House Bill 532 (passed)* proposes a constitutional amendment to authorize the General Assembly to allow a qualified individual to register and vote at a precinct polling place on Election Day. The amendment will appear on the ballot in November 2018, and if it is approved by the voters, additional legislation will be required to implement same-day registration on Election Day. Under existing law, the State offers same-day registration only during the early voting period.

*Senate Bill 1048 (Ch. 19)* implements a policy known as automatic voter registration. Under Chapter 287 of 2016, several State agencies are required to implement electronic voter registration systems that offer an individual doing business with the agency (*e.g.*, applying for services/benefits) the opportunity to register to vote or update a voter registration record electronically during a transaction. The Act renames the electronic voter registration agencies “automatic voter registration agencies” and alters the process for registering to vote at those

agencies. Instead of being offered the opportunity to register to vote or update a voter registration record, an individual completing a transaction with an automatic voter registration agency will be informed that the individual will be registered to vote or have a voter registration record updated unless the individual declines to register to vote or update a voter registration record or the individual is not eligible to register to vote. Provisions applicable to “electronic voter registration systems” under Chapter 287 are retained under *Senate Bill 1048* and made applicable to “automatic voter registration systems,” including provisions relating to selecting a political party affiliation and requiring the electronic signature of the individual, subject to penalties for perjury, affirming that the individual meets all qualifications to become a registered voter.

Automatic voter registration systems must be implemented at each agency by July 1, 2019, except at local departments of social services, where an automatic voter registration system must be in place by December 1, 2019. If SBE receives notice from an individual that the individual was inadvertently registered to vote through an automatic voter registration agency after declining to register, SBE is required to correct the error. The Act further provides that a person who unintentionally becomes registered to vote at an automatic voter registration agency is not guilty of a misdemeanor because of the unintended registration. A person may not discriminate against an individual based on the individual’s declination to register to vote or voter registration information. Finally, the Act requires the Comptroller to provide a link through which individuals who file a Maryland resident individual income tax return electronically may access the SBE’s online voter registration system.

Chapter 304 of 2013 requires a State or local government unit that collects personal information of an individual to implement and maintain reasonable security procedures and practices to protect the personal information from unauthorized access, use, modification, or disclosure. These procedures and practices must be appropriate to the nature of the personal information collected and the nature of the unit and its operations. The law requires specified measures to be taken regarding the destruction of records containing personal information and any security breaches of computer systems containing personal information. *House Bill 1717 (passed)* alters the definition of “personal information” in existing law to exclude a voter registration number.

## **Online Political Advertising**

Political advertising online has grown exponentially in recent years, becoming a crucial medium of communication for campaigns and other persons seeking to influence voters. The role of online political advertising, particularly on social media platforms such as Facebook, has come under increased scrutiny following revelations that the Russian government launched a major disinformation and propaganda campaign during the 2016 presidential election, with the goal of influencing the outcome of the election and encouraging divisions in U.S. society.

*Senate Bill 875/House Bill 981 (both passed)* impose new disclosure requirements for paid online political advertising and provide for greater enforcement against persons who do not comply with the law. The bills regulate “qualifying paid digital communications”, which is defined as any electronic communication that (1) is campaign material; (2) is placed or promoted for a fee on an

online platform; (3) is disseminated to 500 or more individuals; and (4) does not propose a commercial transaction. “Campaign material” is defined as any material that (1) contains texts, graphics, or other images; (2) relates to a candidate, a prospective candidate, or the approval or rejection of a question or prospective question; and (3) is published, distributed, or disseminated.

Existing law requires persons who make independent expenditures or disbursements for electioneering communications of \$10,000 or more in an election cycle to file a report detailing the expenditures and the source of the funds. The bills require that any amount a person spends on qualifying paid digital communications be included in the independent expenditure and electioneering communication reports.

**Senate Bill 875/House Bill 981** also require an online platform to maintain public records about qualifying paid digital communications that are disseminated through the online platform. A person who requests placement of a qualifying paid digital communication on an online platform must expressly notify the online platform at the time the request is made that the communication is a qualifying paid digital communication. An online platform must provide a method for the purchaser of a qualifying paid digital communication to provide the notice. An online platform must make available for public inspection in a clearly identifiable location on the online platform’s website records on the identity of each person purchasing a qualifying paid digital communication and the total amount paid by the purchaser to the online platform for placement of the qualifying paid digital communication. These records must be searchable by purchaser and must be available within 48 hours after a qualifying paid digital communication is purchased and for at least one year after the general election following the date when the online platform disseminated the qualifying paid digital communication to which the records relate.

The bills allow an online platform to apply to SBE for a onetime compliance waiver from the requirements to make the public records available (1) in a clearly identifiable location on the online platform’s website and (2) within 48 hours. An online platform must describe why complying with the requirement presents an “unreasonable burden” and describe the actions the online platform will take to come into compliance within six months. If a waiver is granted, an online platform may simply make the records available for public inspection on the Internet within 7 days. A waiver may not be granted and is not effective during the 30 days immediately preceding an election.

**Senate Bill 875/House Bill 981** also require an online platform to make certain additional records concerning qualifying paid digital communications disseminated through the online platform available to SBE on request. These records must include (1) the candidate or ballot issue to which a qualifying paid digital communication relates and whether the communication supports or opposes the candidate or ballot issue; (2) the dates and times a qualifying paid digital communication was first disseminated and last disseminated; (3) a digital copy of the content of the qualifying paid digital communication; (4) an approximate description of the geographic

locations where the qualifying paid digital communication was disseminated; (5) an approximate description of the targeted audience; and (6) the total number of impressions generated.

*Senate Bill 875/House Bill 981* also include several enforcement provisions. The State Administrator of Elections is authorized to issue a subpoena for the attendance of a witness or the production of records in furtherance of an investigation of a potential violation of existing campaign material authority line requirements or the disclosure requirements under the bill, by a purchaser of a qualifying paid digital communication. At the conclusion of an investigation, SBE may request that the Attorney General seek an injunction to require a purchaser of a qualifying paid digital communication to comply with the law or require an online platform to remove a qualifying paid digital communication that does not comply with the law. Before requesting that the Attorney General seek an injunction, SBE is required to notify a purchaser of a qualifying paid digital communication who is the subject of an investigation of the circumstances that gave rise to the investigation and provide the person a reasonable opportunity to be heard at a public meeting of SBE.

Finally, *Senate Bill 875/House Bill 981* prohibit a person from using any currency other than U.S. currency to purchase campaign material or an electioneering communication. A person also may not willfully and knowingly sell campaign material or an electioneering communication to a person who uses any currency other than U.S. currency to pay for the campaign material or electioneering communication.

## **Campaign Finance**

SBE advises campaigns that receive illegal contributions to return them to the contributor. *House Bill 755 (passed)*, however, requires a campaign finance entity that receives a contribution that was illegally made in the name of another person to remit the contribution to the Fair Campaign Financing Fund if the contributor has been convicted for making the illegal contribution. The Fair Campaign Financing Fund is used to provide public campaign financing for eligible gubernatorial tickets. The bill takes effect January 1, 2019.

## **Absentee Voting**

In any election governed by the Election Law Article, a voter has the right to vote by absentee ballot without having to state a reason that the voter is unable to vote in person. However, the Election Law Article is generally not applicable to municipal elections other than in Baltimore City. *Senate Bill 730/House Bill 829 (both passed)* prohibit a municipality from requiring an individual to provide a reason that the individual will be unable to vote in person on Election Day in order to vote by absentee ballot.

## **Ballot Access**

*Senate Bill 256/House Bill 662 (both failed)* would have required a candidate for the office of President or Vice President of the United States who is not a write-in candidate to publicly

disclose the candidate's federal income tax returns for at least the five most recent taxable years as a condition for the candidate's name appearing on the State's general election ballot.

## **Redistricting**

The General Assembly has considered numerous legislative proposals in recent years to reform the way legislative and congressional districts are drawn after each decennial census. Most of these measures have proposed transferring authority over redistricting from the Governor and General Assembly to an independent body.

*Senate Bill 307/House Bill 356 (both failed)* are Administration bills that would have implemented the recommendations of the Governor's Maryland Redistricting Reform Commission, which issued its final report in November 2015. The bills proposed a constitutional amendment to repeal certain State constitutional provisions governing legislative redistricting and enact constitutional provisions requiring that a General Assembly and Congressional Legislative Redistricting and Apportionment Commission be appointed to perform redistricting. In addition, in the event the General Assembly fails to adopt legislative district and congressional district maps and plans in a timely manner, the bills would have given the Court of Appeals jurisdiction to establish the maps and plans. The General Assembly would have been required to pass a map and plan for legislative and congressional districts with a three-fifths majority in each house. The bills also proposed repealing constitutional language authorizing the subdivision of legislative districts for purposes of electing members of the House of Delegates into one single-member district and one multi-member district.

Statutory provisions in *Senate Bill 307/House Bill 356* would have required that the commission consist of three members registered with the State's largest political party, three members registered with the State's second largest political party, and three members not registered with either of the largest political parties. The bills stated the intent of the General Assembly that legislative and congressional districts not be drawn for the purpose of favoring or discriminating against an incumbent officeholder, a candidate, or a political party. The selection process for the commission would have been designed to produce a commission that was independent from legislative influence and reasonably representative of the State's diversity. Legislative districts would be required to comply with existing provisions of the Maryland Constitution, and congressional districts would have to respect county and municipal boundaries and be geographically compact, to the extent practicable. The bills would have specified procedures for General Assembly approval or rejection of legislative and congressional maps and plans proposed by the commission, judicial review, selection of commission members, staffing of the commission, and mandated funding for the commission. The commission would have been required to conduct its business in a manner that was open to the public and ensured public participation in the redistricting process.

## **Term Limits**

*Senate Bill 294/House Bill 347 (both failed)* are Administration bills that would have proposed a constitutional amendment to impose term limits on members of the General Assembly.

A person elected to two consecutive terms as either a senator or a delegate would have been ineligible to be elected to serve a third consecutive term in the same office. For purposes of the limitation, a person who served more than three years of a term to which another person was elected would be considered to have been elected to a full term.

## Ethics and Campaign Activity

*Senate Bill 289/House Bill 630 (both passed)* require specified board and commission members in Frederick County to vacate their position on the board or commission after opening a campaign account. The bills also make certain “agents” of applicants for specified zoning or land use changes subject to a prohibition against making a political contribution of \$100 or more to a member of the governing body of Frederick County during the pendency of the application. For a further discussion of these bills, see the subpart “Ethics” within this part of this *90 Day Report*.

## Ethics

### Local Governments

Counties and most municipalities are currently required to enact ethics provisions governing local officials and employees. *Senate Bill 474 (passed)* requires each local ethics commission or appropriate entity to meet at least once annually and report on the entity’s activities to the local governing body.

The public ethics law includes special provisions for Frederick County. *Senate Bill 289/House Bill 630 (both passed)* alter these provisions by requiring an appointed member of the Frederick County Board of Zoning Appeals, the Frederick County Ethics Commission, the Frederick County Planning Commission, or the Board of License Commissioners for Frederick County to vacate the member’s position on the board or commission within 48 hours after opening a campaign account through a campaign finance committee. Additionally, the bills expand a prohibition against an applicant for certain zoning or land use changes from making a political contribution of \$100 or more to a member of the governing body of Frederick County to include an agent of a business entity that is an applicant.

*House Bill 419 (Ch. 130)* establishes an Office of the Inspector General in the Washington Suburban Sanitary Commission (WSSC) to investigate mismanagement, misconduct, fraud, waste, and abuse in the WSSC. For a further discussion of *House Bill 419*, see the subpart “Bi-county Agencies” within Part D – Local Government of this *90 Day Report*.

### State Government

*House Bill 1342 (passed)* is an emergency bill that modifies the process used to address harassment and discrimination in State government. Certain State officials are prohibited from harassing or discriminating against an official, employee, intern, page, fellow, lobbyist, or a member of the press. In addition, the bill establishes rules regarding lobbyists and harassment and

discrimination that take effect July 1, 2019. Specifically, a lobbyist may not harass or discriminate against the individuals referenced above. For a further discussion of *House Bill 1342*, see the subpart “State Agencies, Offices, and Officials” within this part of this *90 Day Report*.

*House Bill 1469 (passed)* requires a member of a board of license commissioners or of a liquor control board to file an annual financial disclosure statement with the State Ethics Commission and complete ethics training.

## Procurement

### Procurement Preferences

Several bills modified existing provisions or programs that give preferences to specified bidders or offerors in State procurement. *Senate Bill 383/House Bill 1622 (both passed)* extend by one year the requirement that a video lottery facility applicant or licensee be subject to the minority business enterprise (MBE) participation goal set in State law and any other corresponding MBE provisions. For a further discussion of *Senate Bill 383/House Bill 1622*, see the subpart “Horse Racing and Gaming” within Part H – Business and Economic Issues of this *90 Day Report*. Also related to the MBE program, *Senate Bill 251/House Bill 858 (both passed)* prohibit the State from assessing liquidated damages for an indefinite delivery contract or an indefinite performance contract if an agency does not request goods or services provided by an MBE firm, even if the MBE is named on the participation schedule submitted with the bid or proposal.

State agencies are required to structure their procurement to try to award 1% of the total value of their procurements to veteran-owned small businesses (VSB). *Senate Bill 1165 (passed)* establishes that, for the purpose of determining VSB status, a “veteran” is an individual who is verified by the Maryland Department of Veterans Affairs as having served on active duty in the Armed Forces of the United States. The bill also transfers authority for administering the State’s VSB preference program from the Board of Public Works (BPW) to the Governor’s Office of Small, Minority, and Women Business Affairs (GOMA).

*Senate Bill 1020/House Bill 1557 (both passed)* restore a reciprocal preference for resident firms in the procurement of architectural and engineering services that was in place until fiscal 2018. In general, the preference for a resident firm applied by a State procurement officer must be the same as the preference applied by another state and must not conflict with any federal law or grant affecting the contract.

### Procurement of Information Technology

The Department of Information Technology (DoIT) is responsible for adopting and enforcing standards for nonvisual access to the State’s information technology (IT) resources. *Senate Bill 286/House Bill 1088 (both passed)* require DoIT to adopt a new nonvisual access standard by January 1, 2020, that is consistent with federal standards. For IT procured before that date, DoIT must work with vendors to modify the existing IT to meet the new standard. For IT

procured after that date, DoIT must enforce compliance with the new standard, including assessing a civil penalty of \$5,000 for a first offense and \$10,000 for a second offense against any vendor that does not come into compliance within 12 months of being notified that they are out of compliance. However, the bills exempt an IT project or service from requiring nonvisual access if the cost of modifying the technology to meet the standard would increase the price of the procurement by more than 15%, instead of by more than 5% under current law.

*Senate Bill 40 (passed)* exempts the Maryland Stadium Authority from DoIT oversight of its purchase, lease, or rental of IT goods and services.

### **Public-private Partnerships**

State law authorizes the use of public-private partnerships (P3) to deliver public infrastructure assets using a long-term, performance-based agreement between specified State agencies and a private entity. Under P3s, a 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. *House Bill 816 (passed)* clarifies that the State may not provide compensation to a private entity that is a party to a P3 agreement for transit projects or transit service improvements for other transportation modes that are not the subject of the P3 agreement, even if those projects result in a documented revenue loss for the private entity. The bill further clarifies that a P3 agreement for a project involving road, highway, or bridge assets may not include a noncompete clause that would inhibit the planning, construction, or implementation of State-funded transit projects.

State Center is a 28-acre property in Baltimore City that is owned by the State and includes several State office buildings and the Fifth Regiment Armory. A P3 agreement between the State and State Center LLC to redevelop the site, with an estimated total cost of \$1.5 billion, was approved by BPW in 2010. In December 2016, BPW voted to void the office leases used to fund the project and filed suit against State Center LLC to cancel the project. State Center LLC filed a countersuit seeking compensation for its role in the project, and the status of the project remains uncertain pending the outcome of the legal proceedings. *Senate Bill 614/House Bill 1286 (both passed)* specify that the State may not enter into a new or modified contract or plan for the development of State Center unless it meets specified conditions. The bills also require a developer who is a party to a new contract or plan for the development of State Center to use best practical efforts to begin construction within 18 months after execution of the new contract and any associated plans.

### **Prevailing Wage and Construction Projects**

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. Eligible public works projects are generally (1) those carried out by the State, (2) an elementary or secondary school for which at least 25% of the money used for construction is State money, or (3) any other public work for which at least 50% of the money used for construction is State money. However, any public works contract valued at less than \$500,000 is not required to pay prevailing wages. Prevailing wages are wages

paid to at least 50% of workers in a given locality who perform the same or similar work on projects that resemble the proposed public works project. *Senate Bill 278/House Bill 546 (both passed)* extend the application of the State’s prevailing wage requirements to projects (1) located in a tax increment financing district created on or after July 1, 2018, and (2) built using proceeds from local government bonds authorized in statute for use in those districts. However, the bills apply only if a political subdivision, Baltimore City, or the Revenue Authority of Prince George’s County authorizes the payment of prevailing wages for the relevant construction project.

*Senate Bill 572/House Bill 1243 (both passed)* authorize an employee under a public works contract who is paid less than the appropriate prevailing wage to sue to recover the difference in wages paid without first filing a complaint with the Commissioner of Labor and Industry (as required by current law). For a further discussion of *Senate Bill 572/House Bill 1243*, see the subpart “Labor and Industry” within Part H – Business and Economic Issues of this *90 Day Report*.

*Senate Bill 245 (passed)* requires BPW to develop separate surety bond forms for security for fixed-price contracts and multi-year contracts. The latter forms must provide for annual and renewable contracts.

*Senate Bill 492 (passed)* requires BPW to collect specified information on the provision of employee health care coverage by construction contractors on all State construction-related contracts awarded by competitive sealed bids in the three months following the enactment of the bill. By November 1, 2018, BPW must submit a report on the information that it has collected to specified committees of the General Assembly.

## Other Procurement Legislation

*Senate Bill 414 (passed)* requires GOMA to collaborate with designated State agencies to identify all State resources available to small businesses and develop a plan to coordinate the resources with GOMA. The bill also requires GOMA to convene a workgroup to study and make recommendations regarding the collection of data by State agencies that may be used to assist small businesses in accessing State resources and bidding on State contracts.

*Senate Bill 1045 (passed)* requires that the terms of a grant or contract for the provision of services by a nonprofit organization that is funded either wholly with State funds or with a combination of State and other nonfederal funds allow for reimbursement of indirect costs. Indirect costs must be reimbursed at the rate that the nonprofit organization has negotiated and received either from the federal government or, if the nonprofit organization has not negotiated and received an indirect cost rate from the federal government, at a rate of at least 10% of specified costs.

*House Bill 1237 (passed)* exempts contracts for the disposition of *personal* property by a public university valued at more than \$1.0 million from review and approval by BPW. It further clarifies that disposition of *real* property by the University System of Maryland remains subject to BPW approval.

## Personnel

### Impact of Budget Actions on State Employees

The fiscal 2019 budget includes a 2% general salary increase, effective January 1, 2019. Funding was not provided for employee increments. If fiscal 2018 revenues exceed forecasted levels by at least \$75 million, employees will receive an additional 0.5% increase and a \$500 bonus in April 2019. In fiscal 2019, the size of the regular State workforce, including State higher education institution employees, will be 80,409 positions, which represents a decrease of 107 positions over fiscal 2018 and is within the limit established by the Spending Affordability Committee.

The Budget Reconciliation and Financing Act of 2018 (BRFA), *Senate Bill 187 (Ch. 10)*, includes a provision that accelerates the elimination of State prescription drug coverage for Medicare-eligible retirees to January 1, 2019, to align with federal action. The BRFA provision clarifies that a spouse, surviving spouse, dependent child, or surviving dependent child may remain enrolled in the State prescription drug plan if they are not eligible to participate in a Medicare prescription drug plan. The provision further directs the Department of Budget and Management (DBM) to notify State retirees of the changes in coverage by July 1, 2018. For a more detailed discussion of the impact of budget actions on State employees, see the subpart “Operating Budget” within Part A – Budget and State Aid of this *90 Day Report*.

### Compensation and Benefits

*Senate Bill 859 (passed)* provides up to 60 days of paid parental leave to an employee in the Executive Branch of State government who is the primary caregiver responsible for the care and nurturing of a child to care for the child immediately following either the child’s birth or the adoption of a child who is younger than age six. An employee entitled to parental leave may first use available accrued annual leave and personal leave. If that leave is less than 60 days, the State agency for which the employee works must provide the employee with additional paid leave to attain 60 days of parental leave. Before an employee uses parental leave, approval must be obtained from the appointing authority, and the Secretary of Budget and Management must adopt regulations governing requesting and approving parental leave. By December 1, 2021, the Secretary must also report to specified committees of the General Assembly on what employee benefits, including paid parental leave, are important in order to attract and retain young people to State employment.

The Secretary is required to adopt regulations for the administration of the State Employee and Retiree Health and Welfare Benefits Program, ensure that the program complies with all federal and State laws governing employee benefit plans, and annually recommend to the Governor the State share of the costs of the program. *Senate Bill 986/House Bill 1024 (both passed)* require the Secretary to ensure that the program complies with specified provisions of law relating to health insurance coverage of contraceptive drugs and devices and male sterilization.

**House Bill 822 (passed)** requires DBM and the State Retirement Agency to develop recommendations for a phased retirement plan for most members of the State Retirement and Pension System by December 1, 2019. For a more detailed discussion of **House Bill 822**, see the subpart “Pensions and Retirement” within this part of this *90 Day Report*.

## Hiring and Employee Transfer Practices

Most positions within the Maryland State Department of Education (MSDE) are designated as “professional assistants,” a designation that does not exist anywhere else in State government. The State Board of Education must appoint all professional assistants nominated by the State Superintendent to MSDE, and they must be classified as being in the executive service, management service, or special appointments within the State Personnel Management System (SPMS). **Senate Bill 678/House Bill 643 (both passed)** alter the employment categories of professional assistants within MSDE. The bills reclassify special appointment positions within MSDE, except those who perform a significant policy role or provide direct support to a member of the executive service, to positions in the professional or skilled service under SPMS. Beginning on July 1, 2018, all employees hired by MSDE in those classifications must be hired, promoted, or transferred in accordance with the requirements of employees under SPMS. Ultimately, the category of professional assistant will be eliminated, and all employees of MSDE will be in the executive, management, professional, or skilled services, or special appointments, in SPMS.

Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation. **House Bill 1234 (passed)** requires the Division of Workforce Development and Adult Learning and DBM to develop position classifications, which would include incremental salary adjustments, for employees who are selected to participate in specified registered apprenticeship programs. The division must partner with State departments and their exclusive representatives to identify opportunities to create registered apprenticeship programs to help address workforce shortages. For a more detailed discussion of apprenticeships, see Part L – Education of this *90 Day Report*.

## State Employee Collective Bargaining

The U.S. Supreme Court, in *Abood v. Detroit Board of Education*, 431 U.S. 209 (1977), found that, while an exclusive representative could collect a fee from nonunion members, the fee revenues could not be used to support ideological causes not germane to the organization’s duties as the collective bargaining representative. The U.S. Supreme Court agreed in September 2017 to hear a case, *Janus v. American Federation of State, County, and Municipal Employees*, No. 16-1466, which challenges the constitutionality of the court’s decision in *Abood* under the First Amendment. The U.S. Supreme Court is expected to come to a decision in early summer. If the court rules in favor of Janus, the ruling could potentially decrease the funding and membership of public unions. A number of bills relating to the impending Supreme Court decision were introduced during the 2018 session.

### **Access to New Employees and Employee Information**

*Senate Bill 677/House Bill 1017 (Chs. 24 and 27)* grant each exclusive representative the right to communicate with the employees it represents. The Acts require DBM, the University System of Maryland system institutions, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College to provide specified employee information in a searchable and analyzable electronic format to an exclusive representative within 30 days of a new employee's hire and as specified in the Acts. The Acts repeal the right of employees to opt out of the release of their personal information to an exclusive representative, although on written request of an employee, an exclusive representative must withhold further communication with an employee unless otherwise required by law or the written request is revoked by the employee. The Acts expand the employee's personal information that must be provided, and matters relating to the time and manner of access to a new employee program may be the subject of negotiations.

The State and public higher education institutions must permit an exclusive representative to attend and participate in a new employee program that includes one or more employees who are in a bargaining unit represented by the exclusive representative and must provide the exclusive representative at least 10 days' notice of the program. The new employee program may be a new employee orientation, training, or other program that the State or public higher education institutions and an exclusive representative negotiate. The exclusive representative must be permitted 20 minutes, or longer if successfully negotiated, to collectively address all new employees in attendance during a new employee program. New employees are to be encouraged to attend the portion of a new employee program designated to the exclusive representative, but they may not be required to attend, if the employee objects.

### **Grievance Proceedings**

An employee in SPMS may file a grievance. A grievance is a dispute between an employee and the employer about the interpretation of, and application to, the employee of a personnel policy or regulation adopted by the Secretary, or any other policy or regulation over which management has control. Grievances are not permitted over pay grades, the timing or amount of statewide pay increases, or other specified items. In addition, Maryland Department of Transportation (MDOT) employees may file a grievance in writing within 30 days of the alleged cause of complaint or knowledge of the complaint. In the MDOT personnel system, a grievance is a cause of complaint arising between an employee and MDOT over the interpretation and application of regulations, rules, or policies over which management has control. *House Bill 335 (passed)* expands the application of State employee grievance proceedings to include a dispute between an employee and the employer about the interpretation and application of any term or condition of a Memorandum of Understanding (MOU) between the State and the exclusive representative. The State employee grievance proceedings apply to other independent personnel systems, except for MDOT. The Secretary of Transportation must adopt regulations that address procedures for redressing of grievances, under the broader application of "grievance" in the bill.

## Memorandum of Understanding

The outcome of collective bargaining negotiations are incorporated into an MOU. *Senate Bill 654/House Bill 864 (Chs. 23 and 26)* prohibit an MOU that is agreed to and ratified for State employee collective bargaining units from expiring until a new MOU is agreed to and ratified. Based on a verified complaint by an exclusive representative of a bargaining unit, the exclusive representative may file an action in a circuit court against the State or public higher education institutions to enforce the terms. On receipt of an action submitted by the exclusive representative, the court must issue a status quo order without a finding of irreparable harm to maintain an MOU and the terms in effect pending a final order in the action.

## State Institutions of Higher Education

*House Bill 451 (passed)* makes changes to the collective bargaining processes overseen by the State Higher Education Labor Relations Board by clarifying that a member of the board may petition the circuit court if a president, a system institution, or an exclusive representative fails to comply with an order of the board. The bill also establishes a separate unfair labor practice whereby a State institution and an employee organization are prohibited from failing to meet an established negotiation deadline, unless a written agreement between the institution and the exclusive representative provides otherwise.

## Workplace Harassment

The Office of the Statewide Equal Employment Opportunity (EEO) coordinator, within DBM, administers and enforces State and federal EEO laws and policies; promotes a work environment free of any unlawful discrimination, harassment, and retaliation; and assists in the building of a well-diversified workforce of State government employees and applicants. Sexual harassment is a form of sex-based discrimination.

*House Bill 1228 (passed)* requires Executive Branch units to include information about sexual harassment policies and prevention training and a summary of sexual harassment complaints filed, investigated, resolved, and pending in the required annual report that is submitted to the EEO coordinator.

*House Bill 1423 (passed)* requires all State employees to complete a cumulative two hours of in-person or virtual interactive training on sexual harassment prevention within six months of an employee's initial appointment and every two years thereafter. For Executive Branch units, the EEO coordinator must enforce the requirements of the bill and may recommend that a performance audit or review be performed by the Office of Legislative Audits if the EEO coordinator determines that a unit has not complied with the bill.

*House Bill 1342 (passed)* alters the process the General Assembly uses to address harassment issues, including sexual harassment. In addition, the bill prohibits lobbyists from unlawfully harassing or discriminating certain individuals while lobbying.

For a more detailed discussion of workplace harassment, see the subpart “State Agencies, Offices, and Officials” within this part of this *90 Day Report*.

## Pensions and Retirement

### System Administration

**Investment Division:** The Investment Division within the State Retirement Agency (SRA) is charged with investing State Retirement and Pension System (SRPS) assets, as specified by the Board of Trustees for SRPS. The Chief Investment Officer (CIO) has the authority to hire and terminate external asset managers and to select the investment vehicles in which to invest. All positions, compensation, and operating expenses within the division (like the rest of SRA) are subject to approval by the Secretary of Budget and Management and appropriation by the General Assembly through the operating budget process.

**Senate Bill 899/House Bill 1012 (both passed)** give the Board of Trustees for SRPS authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division and to set compensation for the positions, including incentive compensation, as specified in the bills. The bills specify that compensation and operating expenses of the division are to be paid from the accumulation fund of each system instead of by participating employers, and that those expenses for the division are not subject to appropriation by the Governor and General Assembly. Incentive compensation for the CIO and other division staff is to be based on objective criteria and is subject to a cap and other restrictions. The bills also authorize the board to invest up to \$300 million, through certain funds required to be appropriated in fiscal 2019 through 2022, in State-based private equity and venture capital funds, as specified in current law.

SRA, under the direction of the board, is responsible for administering SRPS. An administrative charge to all employers for whom the agency administers retiree benefits provides the revenue to fund the agency. SRA is subject to a statutory spending cap of 0.22% of the active payroll of system members. **Senate Bill 784/House Bill 1018 (both passed)** alter the methodology for calculating the spending cap for SRA, and could temporarily raise the cap for four years. The bills specify that SRA’s annual spending cap may not exceed 0.22% of active member payroll, retiree benefits, and former member compensation, which conforms to current practice. If either **Senate Bill 899** or **House Bill 1012** is enacted, the cap remains unchanged; however, if neither of those bills is enacted, the cap increases to 0.26% through fiscal 2022.

**Risk Management:** The purpose of the SRPS board’s Investment Policy Manual is to include policies that, among other things, govern the selection and retention of investments. **House Bill 993 (passed)** requires the board, consistent with its fiduciary duties, to adopt policies regarding the management of risk, including climate risks, in the investment of system assets. Such policies must be incorporated in the Investment Policy Manual. Additionally, the bill requires the SRPS board to report on the risk assessment of the system’s investments. The report on the risk assessment must be completed by January 31, 2019, and every year thereafter.

**Board of Trustees:** *Senate Bill 178 (passed)* clarifies that newly appointed trustees of SRPS must take an oath of office prescribed by the Maryland Constitution within 30 days of their appointment. Additionally, the bill specifies that the State Treasurer shall serve as the Chairman of the Board of Trustees.

**Judges' Retirement System:** *Senate Bill 176/House Bill 164 (both passed)* clarify provisions of law that provide that members of the Judges' Retirement System are entitled to a normal retirement allowance if they reach mandatory retirement age before they accrue the five years of eligibility service required for vesting.

## Member Benefits

Eligibility for the Correctional Officers' Retirement System (CORS) is limited to certain positions in the Department of Public Safety and Correctional Services (DPSCS). Several bills introduced during the 2018 session sought to add certain State employees to CORS. *Senate Bill 299/House Bill 36 (both passed)*, which combined various provisions of such bills, make employees in specified positions in the Department of Juvenile Services and DPSCS members of CORS as a condition of their employment. The bills provide that provisions in current law related to the transfer of service credit do not apply to individuals affected by the bills or to individuals affected by specified previous legislation that transferred members from the Employees' Pension System (EPS) to CORS. By January 1, 2019, SRA must notify individuals affected by the bill of their right to transfer creditable service from EPS or the State Employees' Retirement System to CORS. For individuals affected by the bills and previous legislation who do not have creditable service in EPS before July 1, 2008, the bills transfer the individual's EPS service credit to CORS, and specify ordinary disability benefit calculations.

Deferred Retirement Option Programs (DROP) are common in law enforcement pension plans as a mechanism to encourage members who might otherwise be eligible to retire to remain on the job for a few more years to reduce turnover. *Senate Bill 895/House Bill 1049 (both passed)* alter the State's DROP to allow members of the State Police Retirement System (SPRS) to remain in DROP for up to one additional year. SPRS members already participating in DROP may elect to extend their time in DROP in accordance with certain limitations.

The Law Enforcement Officers' Pension System (LEOPS) was established on July 1, 1990, with participation a condition of employment for specified public safety officers, including law enforcement officers and firefighters of participating governmental units. *House Bill 1042 (passed)* raises the cap on the retirement allowances that may be paid to specified members of LEOPS from 60% of the member's average final compensation to 65%.

*House Bill 822 (passed)* requires the Department of Budget and Management (DBM) and SRA to develop recommendations for a phased retirement plan. A phased retirement plan is a plan that authorizes retirement-eligible employees to remain in State service on a part-time basis and receive regular compensation for time spent working while also collecting retirement benefits. In developing the recommendations, DBM and SRA must consider all options to incentivize eligible

individuals to stay in State service to mentor or train employees who will later fill the positions of experienced employees who are preparing for retirement.

*Senate Bill 699/House Bill 1019 (both passed)* allow specified members of EPS and the Teachers' Pension System (TPS) to continue to receive interest on member contributions under specified circumstances. The bills apply to an active member of EPS or TPS who was previously subject to the Alternate Contributory Pension Selection (ACPS) but, after a termination of membership in ACPS, is now subject to the Reformed Contributory Pension Benefit. If the member did not vest in ACPS and has not withdrawn member contributions made during their tenure in ACPS, the member may continue to receive regular interest (5%) on the member contributions made during their tenure in ACPS.

In general, SRPS retirees who receive a retirement benefit from the State may be reemployed, except that they may not be reemployed by the State or any participating employer in SRPS within 45 days of retiring. In most cases, benefits paid to reemployed retirees are subject to a reduction if they are rehired by the same employer for whom they worked at the time of their retirement. *Senate Bill 1252 (passed)* specifies that a retiree of SRPS who is reemployed by the same employer from which the individual retired is not subject to a benefit reduction if the current employer is a unit of State government and compensation does not include any State funds. It also specifies procedures for reimbursing SRPS in cases where it is later determined that compensation included State funds. Under the bill, certain individuals are entitled to a return of the earnings that were offset by SRPS.

## General Assembly

### Department of Legislative Services

#### Reorganization

The Department of Legislative Services (DLS) is the nonpartisan staff agency for the General Assembly. *House Bill 874 (passed)* reorganizes DLS by establishing the new Office of Operations and Support Services, which is comprised of the previous Office of Information Systems along with various support services. The bill also requires DLS to consult with the Department of Budget and Management to study the effectiveness and public accessibility of the goals developed in the Managing for Results State Comprehensive Plan and its objectives and performance measures by October 1, 2019. The study must include an evaluation of and recommendations on the creation of a consistent and ongoing system to measure government performance through an Open Performance Maryland System.

#### Harassment and Discrimination Complaints and Training

*House Bill 1342 (passed)* modifies the process used to address harassment and discrimination in State government. With respect to the legislative branch, the bill provides that the Joint Committee on Legislative Ethics (Ethics Committee) must review complaints filed with the Ethics Committee alleging a violation of the legislature's Antiharassment Policy and

Procedures by a legislator. Unless an alleged victim objects, the Ethics Committee must refer a complaint alleging harassment, discrimination, or retaliation to an outside independent investigator for evaluation. After the investigator completes an evaluation, if the investigator does not recommend dismissal of the complaint, the investigator is required to investigate the complaint. The investigator will make recommendations to the Ethics Committee for further action. The Legislative Policy Committee (LPC) must update the legislature’s Antiharassment Policy and Procedures and include provisions related to members of the press by December 15, 2018. Going forward, LPC must update the legislature’s policy every two years. Finally, DLS must maintain electronic records regarding workplace harassment prevention training of legislators, General Assembly employees, and DLS employees. Records regarding legislators must be posted on the General Assembly’s website.

For a more detailed discussion of *House Bill 1342*, see the subpart “State Agencies, Offices, and Officials” within this part of this *90 Day Report*.

### **Prefiled Bills – Deadlines**

*Senate Bill 680/House Bill 244 (Chs. 72 and 71)* alter the deadlines regarding prefiling bills for introduction at an upcoming regular legislative session. Except in a year when an election for members of the General Assembly is held, the deadline for requesting DLS to prepare a bill for prefile is changed from November 15 to November 1. The Acts also change the deadline for requesting DLS to prefile a bill from the second Friday after the Thanksgiving holiday to November 20.

### **Councils, Task Forces, Commissions, and Committees with Legislative Membership**

Each year, the General Assembly creates various groups to conduct in-depth studies of public policy issues. In addition, the General Assembly eliminates obsolete groups and restructures other entities. The following bills relate to councils, task forces, commissions, and committees that include members of the General Assembly in their memberships. Some of these bills are discussed in greater detail in the appropriate subject area parts of this *90 Day Report*.

*Senate Bill 285/House Bill 634 (both passed)* establish the Commission to Advance Next Generation 9-1-1 Across Maryland. The commission is charged with studying and making recommendations regarding specified issues related to Next Generation 9-1-1 emergency communication services, including (1) the implementation, management, operation, and ongoing development of a next generation system; (2) the costs required to plan, test, implement, manage, and operate a next generation system; and (3) best practices, policies, and procedures for public safety telecommunicators. The commission includes two members of the Senate and two members of the House of Delegates.

*Senate Bill 350 (passed)* requires the Institute for Urban Research at Morgan State University to convene a task force to explore issues of reconciliation, inclusionary justice, and

racial equity that includes specified stakeholders. The task force includes one member of the Senate and one member of the House of Delegates.

**House Bill 1316 (Ch. 25)** establishes a Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health to examine whether the Comptroller's Office is the most appropriate agency for enforcing alcoholic beverages laws and generally regulating the alcoholic beverages industry in the State. The task force includes two members of the Senate, including one senator from the minority party, and two members of the House of Delegates, including one member from the minority party.

**Senate Bill 407/House Bill 535 (both passed)** establish a workgroup to assist the Maryland Department of Transportation with developing and reviewing regulations to implement the Complete Streets Program, which provides matching grants to local governments to finance and design complete streets policies. The workgroup includes two members of the Senate and two members of the House of Delegates.

**Senate Bill 899/House Bill 1012 (both passed)** create the Objective Criteria Committee of the Board of Trustees of the State Retirement and Pension System (SRPS) to make recommendations to the board of trustees regarding compensation and financial incentives for certain staff of the Investment Division of SRPS. The committee includes a member of the Senate and a member of the House of Delegates who serve on the Joint Committee on Pensions.

### **Program Evaluation (“Sunset Review”)**

The Maryland Program Evaluation Act 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. The law requires DLS to periodically undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as “sunset reviews” 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 entities that are subject to program evaluations and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

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

The State Board of Law Examiners administers the Maryland Bar Examination, investigates the legal competence, character, and fitness of persons who seek a license to practice law in the State courts of the State of Maryland, and recommends to the Court of Appeals those candidates qualified for admission to the Maryland Bar. **House Bill 97 (passed)** extends the termination date for the State Board of Law Examiners by 10 years to July 1, 2030, and requires DLS to conduct a preliminary evaluation of the board by December 15, 2027.

*Senate Bill 552/House Bill 742 (both passed)* extend the termination date of the State Board of Professional Counselors and Therapists by two years to July 1, 2021. The board must submit specified progress reports every six months, beginning October 1, 2018. By December 1, 2019, DLS must report to specified committees of the General Assembly as to whether and for how long the board’s termination date should be extended.

### **Annotated Code**

Because the General Assembly delegates very little editorial control to the publishers of the Annotated Code with respect to making nonsubstantive and technical changes to the Annotated Code, DLS has long had the statutory authority to prepare legislation to make those sorts of changes both in statutory text and bill titles of prior year enactments. These corrective measures are the Annual Corrective Bill, *Senate Bill 812 (Ch. 12)*, and the Annual Curative Bill, *Senate Bill 811 (Ch. 11)*. Neither enactment contains any substantive changes.



## **Part D**

### **Local Government**

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#### **Local Government – Generally**

##### **Counties**

##### **Disparity Grants**

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions to help address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources.

Chapter 738 of 2016 altered the calculation of the disparity grant program for counties with a local income tax rate of 3.2% by increasing the minimum grant amount (funding floor) to 67.5% of the formula calculation in fiscal 2018 and 2019. However, Chapter 23 of 2017 modified the formula by lowering the minimum grant amount (funding floor) from 67.5% to 63.75% of the formula calculation for fiscal 2018.

*Senate Bill 764 (passed)* extends, for an additional two years, the enhanced State funding provided under the disparity grant program to counties with a local income tax rate of 3.2%. The bill alters the termination date of Chapter 738 of 2016 to extend the enhanced State funding through fiscal 2021.

##### **Regulation of Splash Pads**

*Senate Bill 924/House Bill 1217 (both passed)* authorize the governing body of a county to adopt and enforce rules and regulations to govern the sanitary condition of “splash pads” and any sanitary feature connected to a splash pad. A “splash pad” is defined as an outdoor play area (1) with sprinklers, fountains, nozzles, or other devices or structures that spray water; (2) in which water is not allowed to accumulate; and (3) that is not used for submersion of the human body.

## Municipalities

### Charter Amendments

An amendment to the charter of a municipality may be initiated either by formal action of the governing body of the municipality or by the petition of 20% of the qualified voters of the municipality. *House Bill 615 (passed)* requires the legislative body of a municipality to hold a public hearing and give at least 21 days' advance notice of the public hearing before adopting a resolution that amends the municipal charter that is initiated either by the legislative body or by a petition.

### No-excuse Absentee Voting

A qualified voter may vote in a municipal election by absentee ballot. A municipality must provide a procedure to vote by absentee ballot and may use any method to enable absentee voters to vote, including using any facilities to transmit and receive applications for absentee ballots.

*Senate Bill 730/House Bill 829 (both passed)* prohibit a municipality from requiring an individual to provide a reason that the individual will be unable to vote in person on Election Day in order to vote by absentee ballot.

## Counties and Municipalities

### School Construction Permits

With the approval of the State Superintendent, each county board of education may buy or otherwise acquire land, school sites, or buildings and rent, repair, improve, and build school buildings or approve contracts for doing so, if the plans conform to requirements of the State Board of Education. The construction or remodeling of a school building must conform to all applicable State and county building, electrical, fire, and plumbing regulations and codes. *House Bill 221 (Ch. 81)* requires each county or municipality, to the extent practicable, to expedite the process for the application and issuance of a permit related to or required for the construction of a public or private school facility.

### 2020 Census Grant Program

*Senate Bill 855 (Ch. 18)* creates a 2020 Census Grant Program, funded by a \$5 million general fund appropriation in fiscal 2020, to issue matching grants to local governments and nonprofit organizations to support accurate population counting and the collection of basic demographic and housing information of the population of the State under the 2020 Census.

The Act also creates a 2020 Census Grant Program Panel to award the matching grants. A local government or nonprofit organization may apply to the grant panel for matching funds by March 1, 2019. The grant panel must award matching funds, by April 1, 2019, in an amount determined by the grant panel, to local governments and nonprofit organizations for approved applications. The grant panel must notify local governments of the grant program, and it is the

intent of the General Assembly that local governments notify nonprofit organizations within the jurisdiction of the local government. The Department of Legislative Services must provide staff for the grant panel.

### **Registration and Renewal of Alarm Systems**

*Senate Bill 927/House Bill 1117 (both passed)* authorize counties and municipalities to impose a penalty against an alarm system contractor for failure to register an alarm system only if the alarm system contractor requested a dispatch to an alarm user and the alarm system contractor failed to register the alarm system. An alarm system contractor is defined as a person who installs, maintains, monitors, alters, or services an alarm system. The bills also authorize counties and municipalities to impose a penalty against an alarm system contractor for failure to renew a registration of an alarm system, if the alarm system contractor requested a dispatch and failed to renew the registration, only if the county or municipality provided the alarm system contractor notice that (1) the alarm system’s registration expired; (2) the alarm user or the alarm system contractor did not renew the alarm system’s registration; or (3) the alarm system’s registration has been suspended.

### **Zoning Amendments**

*House Bill 1588 (passed)* prohibits a local legislative body from granting an amendment to change a zoning classification on a parcel of land, if the primary reason for the proposed amendment is the existence of an energy generating system on that parcel of land or on a parcel of land that is adjacent to or in close proximity to that parcel of land, based on a finding that there was (1) a substantial change in the character of the neighborhood where the property is located or (2) a mistake in the existing zoning classification. An energy generating system is defined as an energy generating system for which a certificate of public convenience and necessity (CPCN) is required or an energy generating system (1) for which a CPCN is not required and (2) that is not considered to be an accessory use under the zoning law of the local jurisdiction where the system is located.

## **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 approximately 475,000 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 more than 200 million gallons of wastewater per day. The commission maintains more than 5,700 miles of water main lines and over 5,500 miles of sewer main lines.

### **Funding Accountability and Transparency Act**

WSSC is required by law to publish annually in at least one newspaper in Montgomery County and one newspaper in Prince George's County a copy of its current financial statement and make available for public inspection during business hours at its principal office the annual audit and current financial statement. Under the commission's Code of Ethics, WSSC must publish an alphabetized list of nongovernmental entities receiving aggregate payments of \$5,000 or greater during each preceding calendar year. *House Bill 417 (passed)* requires WSSC to develop and operate by July 1, 2020, a single searchable website that is accessible to the public at no cost that contains WSSC payment data, including the name and location of each payee that receives an aggregate payment of \$25,000 in a single fiscal year and the amount of the payment.

### **Master Meters for Utility Services**

*House Bill 218 (Ch. 128)* prohibits, in Prince George's County only, the Public Service Commission or WSSC from authorizing the use of a master meter in certain circumstances and creates the Task Force on the Use of Master Meters for Utility Services in Prince George's County. For a further discussion of *House Bill 218*, see the subpart "Public Service Companies" within Part H – Business and Economic Issues of this *90 Day Report*.

### **Connection Pipe Emergency Replacement Loan Program**

*House Bill 408 (passed)* requires WSSC to establish a Connection Pipe Emergency Replacement Loan Program to provide loans to residential customers to finance the replacement of malfunctioning pipes. Loans under the program may not exceed \$5,000, and a customer may not receive more than one loan at a time. Customers who are provided loans must repay a loan through a separate charge on the customer's water and sewer bill or by another method determined by the commission. WSSC may not provide, or at any time have outstanding, more than \$1 million in total loans through the program. WSSC must include \$100,000 annually in the commission's budget for the program for fiscal 2020 through 2029. The measure terminates June 30, 2029.

### **Office of the Inspector General**

WSSC currently has an Office of Internal Audit, which is charged with evaluating the effectiveness of internal controls over fiscal, operational, and programmatic activities of the commission; however, the office does not have authority to issue subpoenas. *House Bill 419 (Ch. 130)* establishes the Office of the Inspector General in the commission. The Inspector General may investigate mismanagement, misconduct, fraud, waste, and abuse in the commission and conduct an annual audit. The Act also provides for the appointment of the Inspector General by the Appointment Committee, and transfers all the functions, powers, and duties of the Office of Internal Audit to the Office of the Inspector General.

## **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.

### **Special Exception Hearings**

In Montgomery and Prince George’s counties, a district council may adopt zoning laws that authorize the board of appeals, the district council, or an administrative office or agency designated by the district council to grant special exceptions and variances to the zoning laws on conditions that are necessary to carry out State land use law applicable in the counties. *House Bill 391 (passed)* requires the board of appeals, the district council, or an administrative office or agency, in addition to any other notice requirement, to provide notice of a hearing for a special exception to all parties of record, as defined in local law.

### **Prince George’s County – Municipal Authority**

Prince George’s County enacted a local law in 2008 that prohibits any new fencing taller than four feet between a residential dwelling and an adjacent street. The City of Bowie reports that this law has significantly increased the number of variance applications to the city for side lots and rear lots as the city code already prohibits fencing between the front of a dwelling and the street. In response, *House Bill 410 (Ch. 129)* enables a municipality in Prince George’s County that is located in the regional district, notwithstanding any other law, to authorize by local law the erection of a fence that exceeds the height restrictions or limitations otherwise required by State, regional, or county zoning laws or agencies exercising zoning and planning jurisdiction over the municipality. A municipality may not enact such a local law without holding a public hearing, and the local law may not take effect unless approved by the district council.



## **Part E**

### **Crimes, Corrections, and Public Safety**

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#### **Criminal Law**

##### **Comprehensive Measures**

*Senate Bill 1137 (passed)* establishes and alters several provisions of law relating to drug offenses, witness intimidation and obstruction offenses, and criminal gangs.

##### **Volume Dealing in Drugs**

The bill adds 5 grams or more of fentanyl and 28 grams or more of a mixture containing fentanyl to the prohibition against volume drug dealing. The bill also clarifies current law by adding language to specify that a mixture containing a detectable amount of a prohibited substance be scientifically measured using representative sampling methodology.

##### **Drug Paraphernalia**

The bill also modifies prohibitions against use or possession of drug paraphernalia to exclude equipment used to test or analyze drugs.

##### **Witness Intimidation and Obstruction Offenses**

The bill increases the maximum incarceration penalty from 5 years to 10 years for witness intimidation offenses not involving a drug felony or crime of violence, including inducing false testimony or avoidance of a subpoena, retaliation for testimony, and intimidating or corrupting a juror, witness, or officer of the court.

##### **Criminal Gangs**

The bill establishes the Task Force to Study Maryland's Criminal Gang Statutes to study existing State prohibitions on criminal gang-related activity and the efficacy of existing law in obtaining criminal convictions against individuals who engage in criminal gang-related activity. The task force must make recommendations regarding changes to State law to better deter,

prosecute, and punish criminal gang-related activity and report its findings and recommendations to the Governor and the General Assembly by June 30, 2020.

*Senate Bill 1137* also requires the State Division of Correction to conduct an educational, vocational, and job history interview for each inmate sentenced to its jurisdiction; authorizes additional opportunities for an inmate to receive diminution credits; and allows for the interception of wire, oral, or electronic communications during investigations related to specific firearms offenses. For additional discussion of *Senate Bill 1137*, see the subpart “Public Safety” within this part of this *90 Day Report*.

### **Crimes of Violence**

*Senate Bill 101 (passed)* alters and establishes several provisions of law relating to crimes of violence and firearm possession. The bill alters the definition of “crime of violence” under § 14-101 of the Criminal Law Article by (1) changing “use of a handgun in the commission of a felony or other crime of violence” to “use of a *firearm* in the commission of a felony *except possession with intent to distribute a CDS* or other crime of violence” and (2) striking the requirement regarding sexual abuse of a minor that a touching not be through the clothing. The bill also makes the mandatory minimum 10-year sentence for a second or subsequent conviction of a crime of violence nonparolable.

### **Firearm Possession**

Under current law, a person who has previously been convicted of a crime of violence or specific felony drug offenses is prohibited from possessing a regulated firearm. A person who violates this prohibition is subject to a mandatory minimum penalty of five years imprisonment. *Senate Bill 101* expands the predicate crimes for which a person is eligible for the mandatory minimum penalty to also include crimes involving possession or use of firearms related to drug offenses.

The bill also authorizes a person to petition for the expungement of certain felony offenses and affects eligibility of a person serving a sentence for a crime of violence to be evaluated or committed for substance abuse treatment. For additional discussion of *Senate Bill 101*, see the subpart “Public Safety” within this part of this *90 Day Report*.

### **Drug Crimes**

#### **Controlled Dangerous Substance Distributors – Reporting of Suspicious Orders**

Federal regulations require registered controlled dangerous substance (CDS) manufacturers, distributors, and dispensers to design and operate a system to identify suspicious orders of CDS. Registrants must inform the appropriate Field Division Office of the federal Drug Enforcement Administration of suspicious orders, which include orders (1) of unusual size; (2) deviating substantially from a normal pattern; and (3) of unusual frequency. *Senate Bill 982/House Bill 1480 (both passed)* require registrant CDS distributors to also report any suspicious order of CDS to the Maryland Department of Health and the Office of the Attorney General.

## **Marijuana – Third-party Vendors of Medical Cannabis – Immunity**

Current law establishes that certain persons acting in accordance with the statutory provisions of Maryland’s medical cannabis program are not subject to arrest, prosecution, or any civil or administrative penalty, including a civil penalty or disciplinary action by a professional licensing board, and may not be denied any right or privilege, for the use of medical cannabis. However, the statute is silent with regard to third-party vendors that are otherwise authorized to test or transport medical cannabis products. *Senate Bill 874 (passed)* extends legal protections to third-party vendors authorized by the Natalie M. LaPrade Medical Cannabis Commission to test, transport, or dispose of medical cannabis, medical cannabis products, or medical cannabis waste. The bill also extends the immunity applicable to all protected parties listed in the statute to the possession of medical cannabis.

## **Crimes Involving Firearms**

### **Rapid Fire Trigger Activator**

Bump stocks made national news in October 2017 when a gunman fired into a Las Vegas concert crowd killing almost 60 people and injuring more than 600 in less than 10 minutes with the use of such a device. Shortly after the incident, the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) advised that while simulating automatic fire, bump stocks do not actually alter a firearm to fire automatically; therefore, they are legal under federal law. Bump fire stocks allow semi-automatic firearms to mimic the firing speed of fully automatic firearms and can achieve rates of fire between 400 to 800 rounds per minute. *Senate Bill 707/House Bill 888 (both passed)* prohibit a person from (1) transporting a device defined as a “rapid fire trigger activator” into the State or (2) manufacturing, possessing, selling, offering to sell, transferring, purchasing, or receiving a rapid fire trigger activator. In addition, the bills prohibit a person from using a rapid fire trigger activator in the commission of a felony or a crime of violence. The bills allow a person to continue to possess a rapid fire trigger activator until October 1, 2019, if, among other things, the person applies for authorization from ATF. Among other devices that enable a semi-automatic firearm to mimic the firing speed of a fully automatic firearm, bump stocks are included in the definition of a “rapid fire trigger activator.”

### **Wearing, Carrying, or Transporting a Handgun**

*House Bill 1029 (passed)* prohibits a person from violating the State’s prohibition on wearing, carrying, or transporting a handgun with a handgun loaded with ammunition. A person who violates this prohibition having previously been convicted of specified weapons offenses is subject to a nonsuspendible, nonparolable mandatory minimum sentence. A mandatory minimum sentence may not be imposed unless the State’s Attorney complies with specified notice requirements.

## **Sextortion and Revenge Porn**

*Senate Bill 769 (passed)* prohibits a person from causing another person to engage in sexual activity or causing another to engage as a subject in a visual representation or performance with the other person's intimate parts exposed or engaging in or simulating an act of sexual activity by making certain threats. A violation is a misdemeanor punishable by imprisonment for up to 10 years and/or a fine of up to \$10,000. The bill also repeals the existing statutory provisions relating to revenge porn and instead prohibits a person from knowingly distributing a visual representation of another identifiable person that displays the other person with his or her intimate parts exposed or engaging in an act of sexual activity (1) with the intent to harm, harass, intimidate, threaten, or coerce the other person; (2) under circumstances in which the person knew that the other person did not consent to the distribution or with reckless disregard as to whether the person consented to the distribution; and (3) under circumstances in which the other person had a reasonable expectation that the image would remain private. A violation is a misdemeanor punishable by imprisonment for up to 2 years and/or a fine of up to \$5,000.

## **Other Crimes**

### **Hate Crimes – Group Victim**

*Senate Bill 528/House Bill 700 (both passed)* clarify that a person may not commit specific criminal acts because of a group's race, color, religious beliefs, sexual orientation, gender, disability, or national origin, or because the group is homeless.

### **Animal Cruelty – Sentencing Conditions**

*Senate Bill 1038/House Bill 212 (both passed)* authorize a court, as a condition of sentencing, to prohibit a person from owning, possessing, or residing with an animal for a specified period of time if the person is convicted of felony dogfighting, felony cockfighting, or possession of an implement of dogfighting. The bills also clarify that a court must specify a period of time when it uses its authority to prohibit a person convicted of felony aggravated animal cruelty from owning, possessing, or residing with an animal.

### **Law Enforcement – Prohibition on Sexual Activity**

*House Bill 1292 (passed)* prohibits a law enforcement officer from engaging in sexual contact, vaginal intercourse, or a sexual act with a person in the custody of the law enforcement officer. A violation is a misdemeanor punishable by imprisonment for up to three years and/or a fine of up to \$3,000.

### **School Bus Driver and Public Transportation Worker – Obstructing, Hindering, or Interfering With**

*House Bill 312 (passed)* increases the maximum incarceration penalty for obstructing, hindering, or interfering with a school bus driver or public transportation worker who is engaged in the performance of his or her official duties from 90 days to one year.

## **Subcutaneous Implanting of Identification Device**

*Senate Bill 944 (passed)* prohibits a person or an agent, representative, or designee of the State or a local government from requiring, coercing, or compelling an individual to undergo the subcutaneous implanting of an “identification device.” The bill authorizes a person who is implanted with a subcutaneous identification device to file a civil action and establishes civil penalties for violators. A plaintiff is also eligible for punitive damages under specified circumstances. For a more detailed discussion of these issues, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *90 Day Report*.

## **Criminal Procedure**

### **Pretrial Release**

#### **Pretrial Services Programs**

Under the Maryland Rules, in determining whether a defendant should be released before trial and the conditions of pretrial release, a judicial officer must give consideration to the recommendation of any pretrial release services program that has made a risk assessment of the defendant in accordance with a validated risk assessment tool and is willing to provide an acceptable level of supervision over the defendant during the period of release if so directed by the judicial officer.

As of October 2017, 13 jurisdictions in the State offer a pretrial services program. The programs vary in scope and services. Not all of the programs utilize validated risk assessment tools. *House Bill 447 (passed)* establishes the Pretrial Services Program Grant Fund to provide grants to eligible counties to establish pretrial services programs or to improve existing pretrial services programs to comply with specified requirements. The Governor’s Office of Crime Control and Prevention (GOCCP) must administer the fund. The fiscal 2019 budget includes \$1.0 million in general funds for GOCCP to provide grants, technical assistance, and other support to local governments for the establishment, expansion, and improvement of pretrial services agencies.

An eligible county is (1) a county that does not provide defendants with pretrial services or (2) a county that does provide defendants with pretrial services but seeks to improve the services to comply with specified requirements for grant recipients.

A pretrial services program established or improved using a grant from the fund must (1) use a validated, evidence-based, race-neutral risk scoring instrument that is consistent with the Maryland Rules to make pretrial release-related recommendations to a judicial officer; (2) apply best practices shown to be effective in other jurisdictions; and (3) incorporate multiple levels of supervision based on defendant risk scores with features that include cellular telephone reminders of a defendant’s hearing date; drug and alcohol testing; global positioning satellite monitoring, if

applicable; and substance abuse, mental health, or mediation referrals, if approved by the judicial officer and available in the eligible county.

An eligible county that receives grant funds must submit proof of the expenditure of the funds to the Executive Director of GOCCP. Grant funds must be used to supplement and not supplant any other funding for the establishment or improvement of a pretrial services program.

### **Violations of Conditions of Release**

A person charged with committing a sexual crime against a minor is prohibited from violating a condition of pretrial or posttrial release that prohibits the person from contacting, harassing, or abusing the victim or going in or near the alleged victim's residence or place of employment. Violators are guilty of a misdemeanor, punishable by up to 90 days imprisonment. A police officer is authorized to make a warrantless arrest if the officer has probable cause to believe that the person has violated a condition of pretrial or posttrial release under these circumstances. *Senate Bill 170/House Bill 388 (both passed)* add a crime of violence under § 5-101 of the Public Safety Article and a crime against a victim who is a person eligible for relief under § 4-501 of the Family Law Article (specified individuals eligible to petition a court for relief from abuse through a protective order) to the list of charges for which a person is statutorily prohibited from violating a condition of pretrial or posttrial release as discussed above.

### **Evidence**

Under Maryland Rule 5-404(b), evidence of other crimes, wrongs, or acts is not admissible to prove the character of a person in order to show action in conformity with those prior acts. However, such evidence may be admissible for other purposes, such as proof of motive, opportunity, intent, preparation, common scheme or plan, knowledge, identity, or absence of mistake or accident. The rule is consistent with the common law "propensity rule," which prohibits the use of character evidence to show a person's propensity to act in accordance with his or her character traits or prior acts.

However, Maryland courts have also accepted a "sexual propensity" exception to the general rule against admission of evidence of prior bad acts when a defendant is being prosecuted for a sexual crime and "the prior illicit sexual acts [of the defendant] are similar to the offense for which the accused is being tried and involve the same victim." *Vogel v. State*, 315 Md. 458, 466 (1989).

*Senate Bill 270/House Bill 301 (both passed)* authorize a court, in a prosecution for specified sexual offenses, to admit evidence of "sexually assaultive behavior" by the defendant that occurred before or after the offense for which the defendant is on trial in accordance with the provisions of the bills. "Sexually assaultive behavior" is an act that would constitute (1) a sexual crime under Title 3, Subtitle 3 of the Criminal Law Article; (2) sexual abuse of a minor; (3) sexual abuse of a vulnerable adult; (4) a violation of 18 U.S.C. Chapter 109A (federal sexual abuse statutes); or (5) a violation of a law of another state, the United States, or a foreign country that is equivalent to these offenses.

The State must file a motion of intent to introduce evidence of sexually assaultive behavior at least 90 days before trial or at a later time if authorized by the court for good cause. The motion must include a description of the evidence. The State must provide a copy of the motion to the defendant and include any other information required to be disclosed under Maryland Rule 4-262 or 4-263, which govern discovery and inspection in the District Court and the circuit courts, respectively. The court must hold a hearing outside the presence of a jury to determine the admissibility of evidence of sexually assaultive behavior.

The court may admit evidence of sexually assaultive behavior if the court finds and states on the record that (1) the evidence is being offered to prove lack of consent or rebut an express or implied allegation that a minor victim fabricated the sexual offense; (2) the defendant had an opportunity to confront and cross-examine the witness or witnesses testifying to the sexually assaultive behavior; (3) the sexually assaultive behavior was proven by clear and convincing evidence; and (4) the probative value of the evidence is not substantially outweighed by the danger of unfair prejudice.

## **Postconviction Procedures**

### **Postconviction DNA Testing and Petition for Writ of Actual Innocence**

In *Yonga v. State*, 446 Md. 183 (2016), the Maryland Court of Appeals affirmed a holding by the Court of Special Appeals that a defendant convicted pursuant to a guilty plea is not eligible to file a petition for writ of actual innocence under § 8-301 of the Criminal Procedure Article. In *Jamison v. State*, 450 Md. 387 (2016), the Maryland Court of Appeals held that a defendant who entered an Alford plea was not entitled to petition for postconviction DNA testing under § 8-201 of the Criminal Procedure Article for the same offense. The court determined that the defendant's Alford plea was equivalent to a guilty plea and discussed the *Yonga* analysis extensively in its opinion.

***Senate Bill 423 (passed)*** expands eligibility to file a petition for postconviction DNA testing or a database/log search to include a person convicted as the result of a plea of guilty, an Alford plea, or a plea of *nolo contendere*. The bill also establishes procedures for petitions filed under these circumstances. The bill makes similar changes to eligibility to file a petition for writ of actual innocence and procedures for those petitions.

### **Writ of Error *Coram Nobis***

Under the English common law, a writ of error *coram nobis* was a remedy allowing a court to correct an error in fact. The writ was used “to bring before the court facts which were not brought into issue at the trial of the case, and which were material to the validity and regularity of the proceedings, and which if known by the court, would have prevented the judgment.” *Skok v. State*, 361 Md. 52, 68 (2000) (quoting *Madison v. State*, 205 Md. 425, 432 (1954)). In *Skok v. State*, the Maryland Court of Appeals extended the writ of error *coram nobis* to apply to errors in law.

*Senate Bill 838/House Bill 891 (both passed)* establish that unless good cause is shown, a petition for writ of error *coram nobis* may not be filed more than three years after the petitioner knew or should have known that the petitioner faces a significant collateral consequence from the conviction that is the basis for the petition.

## **Expungement**

### **Civil Offenses**

Under the Criminal Procedure Article, a person who has been charged with the commission of a crime, including a crime under the Transportation Article for which a term of imprisonment may be imposed, or who has been charged with a civil offense or infraction, except a juvenile offense, as a substitute for a criminal charge 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. *House Bill 382 (passed)* clarifies that a person may petition for expungement of any civil offense or infraction, except a juvenile offense. The bill repeals the requirement that the civil offense or infraction be a substitute for a criminal charge.

### **Felony Convictions**

Chapter 515 of 2016, also known as the Justice Reinvestment Act, authorized the expungement of convictions for several specified offenses, the vast majority of which are misdemeanors. Expungements of these convictions are subject to specified procedures and waiting periods. *Senate Bill 101 (passed)* authorizes the expungement of a felony conviction for theft, possession with intent to distribute a controlled dangerous substance, and burglary. The bill specifies that a petition for expungement of a felony is subject to a waiting period of 15 years from when the person satisfies the sentence or sentences imposed for all convictions for which expungement is requested, including parole, probation, or mandatory supervision. For a further discussion of *Senate Bill 101*, see the subparts “Criminal Law” and “Public Safety” within this part of this *90 Day Report*.

## **Victims of Crime**

### **Victim Services Unit**

Victims of crime are eligible for a variety of services provided by State agencies. *House Bill 247 (passed)* establishes a Victim Services Unit (VSU) in GOCCP to coordinate State responsibilities concerning services to victims, including the collection of restitution and reimbursements for sexual assault forensic evidence examinations (SAFE Exams) and other eligible expenses for cases involving rape, sexual offenses, or child sexual abuse. The bill transfers related functions from the Department of Public Safety and Correctional Services (DPSCS) and the Maryland Department of Health (MDH) to GOCCP/VSU and establishes a reporting requirement for GOCCP.

### **Criminal Injuries Compensation**

The Criminal Injuries Compensation Fund (CICF), within DPSCS, is a special fund that provides financial assistance for innocent victims of crime. The definition of “crime” for purposes of eligibility for CICF awards means a criminal offense under state, federal or common law that is committed in this State, committed in another state against a resident of this State, or an act of international terrorism against a resident of this State. “Crime” excludes an act involving the operation of a vessel or motor vehicle unless the act is a violation of statutory provisions listed under § 11-801(d)(2) of the Criminal Procedure Article.

*Senate Bill 767/House Bill 1451 (both passed)* expand the list of exceptions to the general exclusion from eligibility for CICF awards for acts involving the operation of a motor vehicle or vessel. Under the bills, a victim of an act involving the operation of a vessel or motor vehicle is eligible for financial assistance for victims of crime through the Criminal Injuries Compensation Board if the act is (1) a violation of the Criminal Law Article or (2) a violation of federal law or the law of another state that is substantially equivalent to a violation listed under § 11-801(d)(2) of the Criminal Procedure Article, as required under specified provisions of federal law. The bills apply prospectively and may not be applied or interpreted to have any effect on or application to any final decision by the Secretary of Public Safety and Correctional Services, for which the time for appeal of the decision has expired, made before the bill’s October 1, 2018 effective date.

### **Incompetency and Criminal Responsibility**

By statute, a defendant is incompetent to stand trial (IST) if the defendant is not able to understand the nature or object of the proceeding or assist in the defense. If the court finds that the defendant is IST and, because of mental retardation (developmental disability) or a mental disorder, is a danger to self or the person or property of others, the court may order the defendant committed to a facility designated by MDH until the court finds that the defendant is (1) no longer IST; (2) no longer a danger to self or the person or property of others due to a mental disorder or mental retardation; or (3) not substantially likely to become competent to stand trial in the foreseeable future.

Under Maryland law, a defendant is not criminally responsible (NCR) for criminal conduct if, at the time of that conduct, the defendant, because of a mental disorder or mental retardation, lacks substantial capacity to appreciate the criminality of that conduct or to conform that conduct to the requirements of law.

After a verdict of NCR, a court ordinarily is required to commit a defendant to the custody of MDH for institutional inpatient care or treatment. However, the court may release a defendant after an NCR verdict if (1) MDH issues a report within 90 days prior to the verdict stating that the defendant would not be a danger if released and (2) the State’s Attorney and the defendant agree to the release and any conditions imposed by the court.

*Senate Bill 233/House Bill 111 (both passed)* require a court, upon a finding that a defendant is IST and is a danger to self or others, or upon a verdict that a defendant is NCR, to

enter an order of commitment that requires MDH to commit the defendant to a “designated health care facility” as soon as possible but no later than 10 business days after MDH receives the order. If MDH fails to timely place the defendant in a facility, the court may impose any sanction reasonably designed to compel compliance, including requiring MDH to reimburse a detention facility for costs incurred as a result of delayed placement.

Designated health care facility means a (1) State facility under specified provisions of the Health-General Article; (2) a State forensic residential center; or (3) a hospital or private residential facility under contract with MDH to house and treat individuals found to be IST or NCR.

The bills also require a court to hold a hearing on whether an IST defendant continues to meet the criteria for commitment within 10 days (rather than 30 days) after receiving a report from MDH with specified information. For a further discussion of *Senate Bill 233/House Bill 111*, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *90 Day Report*.

### **Court-ordered Evaluation**

*Senate Bill 361/House Bill 202 (both passed)* (1) authorize a court to order MDH to evaluate a defendant found IST or NCR under specified circumstances and develop a prompt plan of treatment and (2) require a clinical review panel to convene within a certain amount of time if the treatment plan indicates danger.

If a court commits a defendant to a mental facility pursuant to a finding that the defendant is IST and, because of a mental disorder, is a danger to self or the person or property of another, the court may order MDH, as soon as possible after the defendant’s admission, but not to exceed 48 hours, to (1) evaluate the defendant; (2) develop a prompt plan of treatment for the defendant under § 10-706 of the Health-General Article; and (3) evaluate whether there is a substantial likelihood that, without immediate treatment, including medication, the defendant will remain a danger to self or the person or property of another.

The bills contain a similar authorization for a court that commits a defendant to a mental facility pursuant to a finding that the defendant is NCR and, because of a mental disorder, is a danger to self or the person or property of another.

A clinical review panel must convene within nine days after an individual’s refusal of medication for a period of at least 72 hours if (1) the individual was committed to a hospital because of a mental disorder and (2) the individual’s treatment plan indicates that there is a substantial likelihood that, without immediate treatment, the individual will remain a danger to self or the person or property of another.

The Behavioral Health Administration within MDH must develop and conduct training on the clinical review procedures outlined in statute to ensure compliance at all State facilities. The training is mandatory for all clinical directors and all individuals who are eligible to serve on a panel.

## Occupational Licenses

It is the policy of the State to encourage the employment of nonviolent ex-offenders and remove barriers to ex-offenders' ability to demonstrate fitness for occupational licenses or certifications required by the State. To that end, certain State departments may not deny an occupational license or certificate to an applicant solely on the basis that the applicant has previously been convicted of a crime – except for a crime of violence (under § 14-101 of the Criminal Law Article) – unless the department determines, after considering specified factors, that (1) there is a direct relationship between the applicant's previous conviction and the specific occupational license or certificate sought or (2) the issuance of the license or certificate would involve an unreasonable risk to property or to the safety or welfare of specific individuals or the general public.

*House Bill 1597 (passed)* requires, by October 1, 2018, the same departments to report to the Governor and the General Assembly with information from the preceding five years related to the licensure or certification of individuals with previous criminal convictions, including how many applicants had a criminal record and how many applications were denied on the basis that the applicant had previously been convicted of a crime.

## Juvenile Law

### Truancy

Any person with legal custody or care and control of a child who is older than age 5 and younger than 18 who fails to see that the child attends school or receives educational instruction is guilty of a misdemeanor and on conviction is subject to maximum penalties of a \$50 fine per day of unlawful absence or 10 days imprisonment for a first offense. A second or subsequent conviction is subject to maximum penalties of a \$100 fine per day of unlawful absence or 30 days imprisonment. In accordance with Chapter 551 of 2004, in counties in which the circuit administrative judge has established a Truancy Reduction Pilot Program (Dorchester, Somerset, Wicomico, and Worcester counties), it is an affirmative defense to the criminal charge if the person with legal custody or care and control of the child at the time of the alleged violation made reasonable and substantial efforts to see that the child attended school as required by law but was unable to cause the child to attend school. On a finding that the affirmative defense is valid, the court must dismiss the charge.

*Senate Bill 160/House Bill 319 (both passed)* expand statewide the application of this affirmative defense. The bills also alter the age of a child, from under age 18 to under age 16, for purposes of the application of the criminal charge specified above. Additionally, the bills reduce the penalties (from 10 days to 3 days for a first offense and from 30 days to 5 days for a second or subsequent offense) and authorize a court to impose community service for a conviction against a parent relating to truancy.

## Witnesses – Body Attachments

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 specified violations. 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. A circuit court, however, may transfer a case involving a child in this situation to the juvenile court if the transfer is believed to be in the interests of the child or society (“reverse waiver”).

According to Maryland Rule 4-267, which governs criminal cases, but is not applicable to juvenile cases, the court may order the issuance of a body attachment of a witness and require the witness to post a bond in an amount fixed by the court to ensure attendance if the court is satisfied that (1) the testimony of the witness is material in a criminal proceeding and (2) it may become impracticable to secure the witness’ attendance by subpoena. A sheriff or peace officer must execute the body attachment by taking the witness into custody and before a judicial officer in the county where the action is pending or where the witness is taken into custody to post bond. A witness who is unable to post bond is committed to jail; within three days after a witness is taken into custody, the court must hold a hearing, as specified. *House Bill 1023 (passed)* authorizes the juvenile court to issue a body attachment for witnesses in accordance with Maryland Rule 4-267 if the witness is at least age 18 and the case was transferred to the court under reverse waiver provisions.

## Disclosure of Juvenile Court 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 on 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 the Department of Juvenile Services (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.

*Senate Bill 91 (passed)* creates additional exceptions to the general rule of confidentiality of juvenile records that apply to the Department of Human Services (DHS), local social services departments, the Maryland Department of Health (MDH), and local health departments. DHS or a local department of social services may have access to and confidential use of a court record if, in coordination with DJS, it is providing services or care for a child who is the subject of the record, for a purpose relevant to the provision of the services or care. The bill creates a similar exception for circumstances in which MDH or a local health department is providing treatment, services, or care for the child, in coordination with DJS. The entities must keep confidential any court records obtained in accordance with applicable laws and policies.

## Public Safety

### Comprehensive Measures

*Senate Bill 101 (passed)* alters multiple provisions of law relating to expungement; substance abuse evaluation of, and treatment for, inmates; firearms crimes; and crimes of violence.

#### Possession of Firearm by a Person Convicted of a Crime

Under current law, a person is prohibited from possessing a regulated firearm, a rifle, or a shotgun if the person was previously convicted of a crime of violence; a violation of specified controlled dangerous substances laws; or an offense under the laws of another state of the United States that would constitute one of these crimes if committed in this State.

The bill expands the list of crimes for which a conviction would bar possession of a regulated firearm to include possessing, using, wearing, carrying, or transporting a firearm during and in relation to certain drug trafficking offenses and possessing, owning, carrying, or transporting a firearm if the person has previously been convicted of certain offenses.

#### Substance Abuse Treatment for Inmates

The bill prohibits a person serving a sentence for a crime of violence from being evaluated for or committed to substance abuse treatment with the Maryland Department of Health (MDH) until the person is eligible for parole. However, a person who is serving a sentence for a crime of violence may still participate in any other treatment program or receive treatment under the supervision of the Department of Public Safety and Correctional Services (DPSCS). An individual convicted of possession of a regulated firearm in violation of § 5-133 of the Public Safety Article is not prohibited from participating in a drug treatment program with MDH due to the length of the individual's sentence.

For a further discussion of *Senate Bill 101*, see the subparts “Criminal Law” and “Criminal Procedure” within this part of this *90 Day Report*.

*Senate Bill 1137 (passed)* establishes and alters provisions of law relating to inmate intake, evaluation, and rehabilitation; the interception of oral, wire, or electronic communications (wiretapping); controlled dangerous substances; drug paraphernalia; witness intimidation; and Maryland's criminal gang statutes.

#### Interception of Communications

The wiretapping and electronic surveillance statutes (1) prohibit specified interceptions of communications and (2) establish exceptions to general prohibitions on interceptions of communications and procedures for interception of communications by law enforcement.

The bill expands the list of crimes for which evidence may be gathered during a criminal investigation through the interception of oral, wire, or electronic communications to include crimes

relating to restrictions on the sale, rental, or transfer of regulated firearms and straw purchases. A court may grant an order authorizing the interception of wire, oral, or electronic communications for the same offenses.

## Corrections

***Diminution Credits:*** Diminution credits are days deducted from an inmate’s “term of confinement,” which is defined as (1) the length of the sentence, for a single sentence or (2) the period from the first day of the sentence that begins first through the last day of the sentence that ends last, for concurrent sentences, partially concurrent sentences, consecutive sentences, or a combination of concurrent and consecutive sentences. Diminution credits are made for good conduct, work tasks, education, and special projects or programs.

The bill adds life skills training and antiviolenace therapy to the educational programs for which an inmate in the custody of the Division of Correction (DOC) may earn diminution credits.

***Assessment Following Sentencing:*** Generally, promptly after an inmate is sentenced to the jurisdiction of DOC, the division must assemble an adequate case record for the inmate. DOC must conduct a risk and needs assessment and a physical, mental, and educational examination of an inmate as soon as feasible after the individual is sentenced and, based on the information assembled for an inmate’s case record, DOC must classify an inmate and develop a case plan to guide an inmate’s rehabilitation.

***Senate Bill 1137*** and ***House Bill 291 (passed)***, require DOC to (1) conduct, for each inmate, as soon as feasible after the individual is sentenced to the jurisdiction of DOC, an educational, vocational, and job history interview and include the educational, vocational, and job history of the inmate and (2) include the results of the interview in the case record for the inmate.

For a further discussion of ***Senate Bill 1137***, see the subpart “Criminal Law” within this part of this *90 Day Report*.

## Violence Prevention Initiatives

### Statewide

***House Bill 432 (passed)*** establishes the Maryland Violence Intervention and Prevention Program Fund and the Maryland Violence Intervention and Prevention Advisory Council within the Governor’s Office of Crime Control and Prevention (GOCCP). Money from the fund is to be distributed by the council through competitive grants to local governments and nonprofit organizations and used to support and evaluate violence reduction strategies. The Governor is authorized to annually appropriate up to \$10 million to the fund.

In addition, for fiscal 2020 through 2023, the bill requires the Governor to appropriate a total of approximately \$2.3 million each year in the annual State budget for grants to the Law Enforcement Officers Assisted Diversion Program in Baltimore City, the Baltimore City State’s Attorney’s Office for the relocation of victims and witnesses, the Department of State Police (DSP)

for the formation of a firearms unit, the Baltimore Chesapeake Bay Outward Bound School, strategic decision support centers in Baltimore City, the Children and Parent Resource Group, Inc., and the Prince George’s County Chief of Police. The Executive Director of GOCCP must establish outcome-based performance measures related to the miscellaneous grant programs.

### **Baltimore City**

Before December 2017, the Baltimore City Health Department funded community-based organizations to implement the Safe Streets model in identified target neighborhoods. Safe Streets emphasizes the delivery of a unified message that violence is no longer acceptable through community organization and public education that incorporates and emphasizes a street outreach component through neighborhood canvassing to connect with high-risk youth and young adults during evenings and weekends to diffuse situations and link such individuals to services. Approximately \$1.7 million has been allocated by Baltimore City for the program in fiscal 2018.

*House Bill 113 (passed)* requires the Governor to appropriate \$3.6 million each year in the annual State budget to be used only to provide grants to community-based organizations to operate Safe Streets Initiatives in Baltimore City. A grant made with the appropriated funds may not require a matching fund, exceed \$300,000 per Safe Streets Initiative, or supplant grant funding otherwise available for Safe Streets Initiatives.

### **Law Enforcement**

#### **Maryland Police Training and Standards Commission**

The Maryland Police Training and Standards Commission (MPTSC) is an independent commission within DPSCS that operates approved police training schools and prescribes standards for, and certifies schools that offer, police and security training. In consultation and cooperation with various entities, it also sets minimum qualifications for instructors and certifies qualified instructors for approved training schools.

*Maryland Police Training and Standards Commission Fund: House Bill 24 (passed)* establishes the MPTSC Fund, administered by DPSCS, to provide funding for activities and training by MPTSC in accordance with the State budget. The Comptroller must annually pay \$2 million in collected fees from specified court costs to the fund. Money distributed to the fund must be used to supplement, but not supplant, any other funding to MPTSC.

*Standards for Psychological Assessments of Law Enforcement Officers: House Bill 190 (passed)* requires MPTSC to develop standards for the mandatory psychological consultation with, instead of evaluation of, a law enforcement officer who was actively involved in an incident when another person was seriously injured or killed as a result of an accident or shooting or has returned from combat deployment. In addition, the bill repeals the requirement that a psychologist approved by the commission conduct the psychological evaluation required for certification of a person as a police officer.

**School Resource Officer Training Curriculum:** *Senate Bill 1265 (Ch. 30)* requires MPTSC approval of specialized curricula for the training and certification of school resource officers and school security employees submitted by the Maryland Center for School Safety. For a full discussion of *Senate Bill 1265*, see the subpart “Education – Miscellaneous” within Part L – Education of this *90 Day Report*.

### **Baltimore City Police Department**

The Gun Trace Task Force, created in 2007 as an elite unit within the Baltimore Police Department (BPD), was created with the intention that it would pursue violent criminals and persons illegally possessing and using guns. In 2017, eight of the nine members of the task force were charged with crimes including racketeering, robbery, extortion, overtime pay fraud, and filing false paperwork. The officers allegedly pocketed hundreds of thousands of dollars discovered while searching the homes and cars of criminals and some innocent civilians. All eight members who were indicted either pled guilty or were convicted of several federal charges.

*Senate Bill 1099 (passed)* establishes the Commission to Restore Trust in Policing staffed by the Department of Legislative Services (DLS). The commission is required to review the operation of the BPD Gun Trace Task Force and make recommendations in a preliminary report by December 31, 2018, and in a final report by December 31, 2019. In addition, the bill requires the Joint Audit Committee, beginning with the 2018 audit, to review BPD’s audit reports issued by the Baltimore City Comptroller and submit findings and recommendations to the General Assembly with respect to issues in audit reports. The committee is also required to review the audit process and procedures and provide comment and recommendations to the President of the Senate and the Speaker of the House, the Executive Director of DLS, and the legislative auditor.

### **Sexual Assault Evidence Collection Kits**

Chapter 659 of 2017 requires the Attorney General, in consultation with the Maryland Sexual Assault and Evidence Kit Policy and Funding Committee, to adopt regulations based on the committee’s recommendations providing for the collection, testing, and retention of sexual assault evidence collection kits in the State.

*House Bill 1124 (passed)* requires the committee to develop recommendations regarding creating and operating a statewide sexual assault evidence collection kit tracking system that is accessible to victims of sexual assault and law enforcement. By January 1, 2019, the committee must submit an application for grant funding to support the implementation of the committee’s recommendations to the federal government.

### **Firearms**

#### **Disqualifying Crimes and Transfer/Surrender**

A person may not possess a regulated firearm, a rifle, or a shotgun if the person has been convicted of a disqualifying crime. Convicted of a disqualifying crime includes 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 second-degree assault or a crime which was expunged. A “domestically related crime” is a crime committed by a defendant against a person who is protected by a protective order or a person who had a sexual relationship with the defendant within 12 months before the commission of the crime.

**House Bill 1646 (passed)** requires the State’s Attorney to provide notice relating to prohibitions on possession of a firearm to a defendant, defendant’s counsel, and the court if the defendant is charged with a disqualifying crime and the facts support a finding that the crime was a domestically related crime. The court is required to provide – to a defendant convicted of or pleading guilty to a disqualifying crime that is a domestically related crime – notice verbally and in writing that the defendant is prohibited from owning or possessing a regulated firearm, rifle, or shotgun and is ordered to transfer all regulated firearms, rifles, or shotguns in the defendant’s possession.

On conviction or a plea of guilty, a court must order the defendant to transfer, either personally or through a representative, all regulated firearms, rifles, and shotguns owned by or in the possession of the defendant to a State or local law enforcement agency or a federally licensed firearms dealer. The transfer must be made within two business days after conviction and the law enforcement agency or federally licensed firearms dealer that accepts the transfer is required to provide written proof of the transfer to the defendant or the defendant’s representative. The bill also creates an exception to the prohibition against wearing, carrying, or transporting a regulated firearm so that a person is able to comply with a court ordered transfer. A similar exception is provided for the transportation of an assault pistol, assault long gun or copycat weapon, rifle, or shotgun.

The bill authorizes the court to issue a search warrant for the removal of any regulated firearms, rifles, or shotguns owned or possessed by the person on application by the State’s Attorney or a law enforcement official based on probable cause to believe that the defendant has failed to surrender one or more regulated firearms, rifles, or shotguns. MPTSC is required to consult with the Maryland State’s Attorneys’ Association to develop standardized training, certification, and procedures for investigating compliance with a court order to surrender a regulated firearm.

### **Extreme Risk Protective Order**

Current law sets forth a process by which an individual who is involved in a familial, intimate, or household relationship with another person and experiences abuse may seek relief from that abuse by filing a petition for a domestic violence protective order. A protective order issued on a temporary basis *may* require a respondent to refrain from possession of firearms under specified circumstances. A final protective order *requires* the respondent to surrender to law enforcement authorities any firearm in the respondent’s possession and to refrain from possession of any firearm for the duration of the order.

**House Bill 1302 (passed)** establishes an “extreme risk protective order” and sets forth a process by which certain mental health professionals, law enforcement officers, and family or household members of a respondent may seek an interim, temporary, or final court order to prevent a respondent from possessing or purchasing a firearm or ammunition for a limited period of time, based on a determination that the respondent poses a danger of causing personal injury to himself or others by possessing a firearm or ammunition.

A petition for an extreme risk protective order can be filed with the District Court or, when the Office of the District Court Clerk is closed, a District Court commissioner. The bill requires a judge or the District Court commissioner to refer a respondent for an emergency mental health evaluation under specified circumstances. The bill also establishes a process for the surrender of firearms and ammunition and a process for the return of firearms and ammunition at the expiration or termination of an extreme risk protection order.

### **Permit to Wear, Carry, or Transport a Handgun**

A person whose application for a permit to wear, carry, or transport a handgun or a renewal of such a permit has been rejected, or whose permit has been revoked or limited by the Secretary, may request the Handgun Review Board to review the decision of the Secretary. In addition, a person whose application for a permit or renewal of a permit is not acted on by the Secretary within 90 days after submission may request a hearing before the board by filing a written request with the board.

**Senate Bill 741/House Bill 819 (both passed)** authorize the applicant, license holder, or Secretary to appeal a decision by the Handgun Permit Review Board to the Office of Administrative Hearings (OAH) and require OAH to schedule a *de novo* review of the board’s decision within 60 days of receipt of the request. The bills authorize a party to appeal a decision of OAH to a circuit court.

In addition, the bills require the board to report to the Governor and the General Assembly on appeals and make the board subject to the Open Meetings Act.

### **Rapid Fire Trigger Activator**

**Senate Bill 707/House Bill 888 (both passed)** prohibit a person from (1) transporting a “rapid fire trigger activator” into the State or (2) manufacturing, possessing, selling, offering to sell, transferring, purchasing, or receiving a rapid fire trigger activator. For a further discussion of **Senate Bill 707/House Bill 888**, see the subpart “Criminal Law” within this part of this *90 Day Report*.

## **Corrections**

### **Feminine Hygiene Products**

**Senate Bill 598/House Bill 797 (both passed)** require the managing official of a correctional facility in DOC or a local correctional facility and the director of the Patuxent

Institution to ensure that the facility has a sufficient supply of menstrual hygiene products available to meet the needs of the inmate population at all times. The bills require each correctional facility and the Patuxent Institution to have a written policy and procedure in place requiring menstrual hygiene products to be provided at no cost to a female inmate and to maintain records on the provision and availability of menstrual hygiene products to inmates. The Maryland Commission on Correctional Standards (MCCS) must establish standards regarding the proper disposal of menstrual hygiene products and review the policy and records of each correctional facility and the Patuxent Institution relating to menstrual hygiene products during regular inspections.

### **Medical Care for Pregnant Inmates**

*Senate Bill 629/House Bill 787 (both passed)* require each State and local correctional facility to have a written policy in place regarding the medical care of pregnant inmates and to provide the required written policy to an inmate at the time of a positive pregnancy test result. MCCS must review each correctional facility's policy during regular inspections.

### **Missing Persons**

A law enforcement agency may not establish a mandatory waiting period before taking a missing person report and are required to accept immediately a report of a missing person provided in person. A law enforcement agency may accept a report of a missing person by phone or other electronic means, if that form of reporting is consistent with the policy of the agency and the reporting person completes the report in person as soon as possible.

*House Bill 1209 (passed)* requires a law enforcement agency to enter all necessary and available information with regard to a missing person into the National Crime Information Center computer network within two hours after receipt of the minimum information necessary to make the entry. In addition, DSP must place a direct link to the Internet site of the Maryland Center for Missing and Unidentified Persons on the home page of DSP's website.

### **Buildings – Performance and Standards**

Maryland Building and Performance Standards (MBPS) do not apply in certain counties to the construction, alteration, or modification of an agricultural building for which agritourism is an intended subordinate use. Agritourism is generally considered to be a series of activities conducted on a farm and offered to the public or invited groups for the purpose of education, recreation, or active involvement in the farm operation. Using an existing agricultural building for agritourism is not considered a change of occupancy that requires a building permit if the subordinate use of agritourism meets certain requirements and, except in Cecil and Garrett counties, does not require more than 50 people to occupy an individual building at any one time. In Cecil and Garrett counties, the occupancy cap is 200 people if the building's total width of egress meets or exceeds the International Building Code standard that applies to egress components other than stairways in a building without a sprinkler system.

*House Bill 1141 (passed)* authorizes a county legislative body to exempt agricultural buildings that are used for agritourism from adhering to MBPS and from obtaining a change of occupancy permit if the subordinate use of agritourism meets certain requirements.

## **Fire Protection and Prevention**

*Senate Bill 728 (passed)* prohibits a person from selling a battery-operated smoke alarm in the State for use in sleeping areas of residential occupancies unless the smoke alarm is a sealed, tamper resistant unit incorporating a silence/hush button and using one or more long-life batteries, defined as a nonrechargeable, nonreplaceable primary battery that is capable of operating a smoke alarm for 10 years or more in the normal condition. A person convicted of a violation is subject to a fine not exceeding \$1,000.

The bill does not apply to a fire alarm, smoke detector, smoke alarm, or ancillary component that is electronically connected as a part of a listed centrally monitored or supervised alarm system, capable of sending and receiving notifications, or any other device that the State Fire Marshal exempts through regulation.

## **Miscellaneous**

### **Elevators**

Elevators in the State must be inspected, tested, and maintained in a safe operating condition in accordance with the State Safety Code and regulations adopted by the Commissioner of Labor and Industry. Inspections are required for new elevators and after any modifications to existing elevators and, generally, operational elevators must undergo periodic annual inspections and more comprehensive five-year inspections.

*House Bill 1107 (passed)* phases in a requirement that third-party qualified elevator inspectors conduct all annual and five-year elevator inspections in both privately and publicly owned buildings. The bill also requires that a third-party inspector be physically present to “witness” a test performed by a licensed elevator mechanic on elevator units during an inspection and requires the Department of Labor, Licensing, and Regulation (DLLR) to submit a related report to specified committees of the General Assembly by January 1, 2020. DLLR must also establish and administer an apprenticeship program for third-party elevator inspectors.

### **9-1-1 System**

Chapter 730 of 1979 established a statewide 9-1-1 system and the Emergency Number Systems Board (ENSB) to oversee the new system. The original 9-1-1 model is based on a landline phone system, however, 70% of 9-1-1 calls are now made from cell phones, and an increasing number are made via Voice over Internet Protocol networks.

*Senate Bill 285/House Bill 634 (both passed)* establish the Commission to Advance Next Generation 9-1-1 Across Maryland to study and make recommendations regarding issues related

to next generation 9-1-1 emergency communication services. ENSB is authorized to contract with a third party to provide staff for the commission.

By December 1, 2018, the commission must submit a preliminary report to the Governor and the General Assembly, and a final report is due by December 1, 2019. The preliminary report must generally focus on the financing and procurement of a next generation 9-1-1 system, while the final report must generally focus on the implementation, management, and operation of the system. A jurisdiction may implement next generation 9-1-1 services before the commission has submitted its final report.

### **Emergency Medical Services Board**

The Emergency Medical Services (EMS) Board was created by Chapter 592 of 1993 and consists of 11 members appointed by the Governor to serve four-year terms. The EMS Board is tasked with developing, adopting, and monitoring a statewide plan to ensure effective coordination and evaluation of emergency medical services.

*Senate Bill 175/House Bill 371 (both passed)* repeal the prohibition on the appointment of a member of the Board of Regents of the University System of Maryland; a member of the Board of Directors of the Medical System Corporation; or an officer or full-time employee of University of Maryland Medical System or the University of Maryland, Baltimore Campus to the State EMS Board by the Governor. The bills also prohibit the Governor from appointing more than two people to the board who represent the same health system, a health system and a medical school that are affiliated, or medical schools under the same governing board.



## **Part F**

### **Courts and Civil Proceedings**

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#### **Judges and Court Administration**

##### **Judicial Compensation**

The Judicial Compensation Commission is required to review judicial salaries and make recommendations to the Governor and the General Assembly once every four years. The General Assembly may amend a joint resolution from the commission to decrease, but not increase, any of the commission's salary recommendations. The General Assembly may not reduce a judge's salary below its current level. Failure to adopt or amend the joint resolution within 50 calendar days of its introduction results in adoption of the salaries recommended by the commission. If the General Assembly rejects any or all of the commission's recommendations, the affected judges' salaries remain unchanged, unless modified by other provisions of law. General State employee salary increases apply to judges only in years in which judges' salaries are not increased in accordance with a resolution from the commission's recommendations.

Salaries for judges were last increased by Senate Joint Resolution 3 in 2012, which phased in a \$14,081 increase for all judges between fiscal 2014 and 2016. Although the commission also met in 2013, it did not recommend salary increases at that time. Accordingly, judicial salaries have remained unchanged since fiscal 2016.

The commission met two times in 2017 to consider salary recommendations. The commission finalized its recommendations in December 2017 to increase judicial salaries by \$35,000 over a four-year period. The General Assembly amended this proposal, providing for a more moderate increase to judicial salaries. *House Joint Resolution 3 (passed)* increases the salaries of all Maryland judges over a four-year period by \$20,000 (\$5,000 each year). General fund expenditures are projected to increase in fiscal 2019 by \$2.3 million for judicial salaries and fringe benefits.

## Compensation of Court Personnel

### Clerks of the Circuit Court

The clerk of the circuit court in each jurisdiction is responsible for the custody of records and other court documents. Other duties include issuing writs, recording of land instruments and other documents, issuing licenses, administering oaths of office, and handling matters related to the operation of the court, including the submission of an annual budget for the review and approval of the Chief Judge of the Court of Appeals.

While the maximum permissible salary for a clerk of the circuit court is set by statute, the Board of Public Works (BPW) determines the annual salary of each clerk based on the relative volume of business and receipts in the clerk's office. *Senate Bill 668/House Bill 286 (both passed)* increase the maximum annual salary that BPW may set for the clerk of each circuit court from \$114,500 to \$124,500, effective at the beginning of the next term of office.

### Registers of Wills

The register of wills in each jurisdiction is responsible for the administration of estates by providing proper forms and direction, assisting and advising any person who requests assistance in the preparation of any form for administrative probate, admitting wills to probate and issuing letters of administration, auditing accounts, and maintaining accurate records of all estate matters. The registers also serve as clerks of the orphans' courts.

Similar to the salaries of clerks of the circuit court, the maximum permissible salary for a register of wills is set by statute, while BPW determines the salary for each register based on specified factors. *Senate Bill 672/House Bill 640 (both passed)* increase the maximum annual salary that BPW may set for a register of wills from \$114,500 to \$124,500, effective at the beginning of the next term of office.

## Clerks of Courts – Installment Payments – Fines for Traffic Offenses

Generally, a person must comply with a traffic citation by appearing in person or paying the applicable fine. If a person fails to comply, then, upon receipt of a notice of noncompliance from the District Court or a circuit court, the Motor Vehicle Administration (MVA) must notify the person that the person's driving privileges will be suspended unless the person (1) pays the fine on the original charge as provided for in the original citation or (2) posts bond or a penalty deposit and requests a new date for a trial or a hearing on sentencing and disposition. If a person fails to pay the fine or post the bond or penalty, then MVA may suspend the driving privileges of the person.

*House Bill 1448 (passed)* allows the District Court or a circuit court to authorize the clerk of the court to approve an individual installment plan agreement for a defendant whose driver's license or driving privilege may be (or is) suspended for failure to pay a fine for one or more traffic offenses, including parking citations. A defendant who is sentenced to pay one or more fines that

total at least \$300 and who certifies inability to pay the fine (or fines) may apply to the clerk of the court to make installment payments.

For a further discussion of traffic citations and motor vehicle law, see the subpart “Motor Vehicles” within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

## **Courthouses**

The Honorable H. Wayne Norman, Jr. was a State Senator who represented Harford and Cecil counties. A practicing attorney, Senator Norman was elected to the Senate in 2014. He also served in the House of Delegates from 2008 to 2014. Senator Norman died in office on March 4, 2018.

*Senate Bill 1259 (passed)* names the plaza located on the south side of the Mary E.W. Risteau District Courts and Multi-Service Center, located in the Town of Bel Air in Harford County, as the H. Wayne Norman, Jr. Memorial Plaza.

## **Civil Actions and Procedures**

### **Offshore Drilling Liability**

#### **Background**

Strict liability is liability imposed on an individual based on the commission of a particular act, regardless of the individual’s negligence or intent to do harm. Abnormally dangerous activity and ultrahazardous activity, which are interchangeable terms, are types of activities to which strict liability applies. Abnormally dangerous activities are uncommon acts that carry a significant risk of serious harm to persons or property, even if the actor used reasonable care. Dynamiting/blasting is an often-cited example of an abnormally dangerous activity. Under the State’s natural resources laws, any person who drills for oil or gas on the lands or in the waters of the State is strictly liable for any damages that occur in exploration, drilling, or producing operations or in the plugging of the person’s oil or gas wells, including liability to the State for any environmental damage.

In January 2018, the Trump Administration announced plans to significantly expand offshore oil and gas drilling. By opening approximately 90% of the nation’s Outer Continental Shelf (OCS) to oil and gas leases, the five-year plan reverses the Obama Administration’s ban on offshore drilling in approximately 94% of the nation’s OCS acreage. The plan marks the first time since the 1980s that oil companies have an opportunity to purchase new leases in the Atlantic and Pacific oceans.

The plan is part of the OCS Lands Act. The Act requires the U.S. Secretary of the Interior to develop a five-year plan to sell oil and gas leases as part of the 2019-2024 National OCS Oil and Gas Leasing Program. The areas available for leasing are narrowed down through the three stages of the program – the Draft Proposed Program, the Proposed Program, and the Proposed Final Program. The Draft Proposed Program authorizes 47 potential lease sales in 25 of

26 planning areas. Nine of the leases are located in the Atlantic Ocean, with 3 of those leases located in the Mid-Atlantic.

In a letter dated January 4, 2018, Governor Lawrence J. Hogan, Jr. instructed Maryland Attorney General Brian E. Frosh to investigate whether the plan applies to Maryland's coastal waters and, if it does, to "commence and prosecute any viable legal claims, actions, or suits against the U.S. government to prevent it."

### **Strict Liability**

*Senate Bill 1128/House Bill 1456 (both passed)* establish that an "offshore drilling activity" is an ultrahazardous and abnormally dangerous activity and that a person who causes a spill of "oil" or "gas" (as those terms are defined in the bills) while engaged in an offshore drilling activity is strictly liable for damages for any injury, death, or loss to person or property that is caused by the spill. "Offshore drilling activity" means the exploration, development, or production of oil or gas in, on, or under federal OCS waters. The activity includes transporting oil or gas by pipeline, ship, or otherwise, from a specific site of exploration, development, or production of oil or gas on the federal OCS. "Oil" means oil of any kind or in any form, including specified substances and products. "Gas" means any natural gas or other fluid hydrocarbons that are produced from a natural reservoir, including carbon dioxide and hydrogen sulfide.

A provision in any contract or agreement that attempts or purports to waive the right to bring an action under the bills or reduce any liability for injury, death, or loss to person or property that is caused by a spill of oil or gas as a result of an offshore drilling activity is void as against public policy.

### **Exemption from Supersedeas Bond Limits**

In general, an appellant may stay the enforcement of a civil judgment from which an appeal is taken by filing a supersedeas bond or alternative security with the clerk of the court. The bond or security may be filed at any time before satisfaction of the judgment, but the enforcement is stayed from the time the security is filed. Under § 12-301.1 of the Courts and Judicial Proceedings Article, in a civil action filed on or after October 1, 2015, the amount of a supersedeas bond that must be posted in a civil action to stay enforcement of a judgment granting any type of relief during the entire course of all appeals or discretionary reviews may not exceed the lesser of \$100 million or the amount of the judgment for each appellant, regardless of the amount of the judgment appealed.

However, *Senate Bill 1128/House Bill 1456* exempt a judgment in an action for damages brought under these bills from the statutory limit of \$100 million on the amount of a supersedeas bond required to stay enforcement of a judgment during the appellate or discretionary review process.

## **Medical Malpractice – Disclosure of Medical Records**

Generally, a health care provider may not disclose medical records without the authorization of the person in interest. However, *Senate Bill 230 (passed)* requires a health care provider to disclose a medical record in accordance with compulsory process not later than 30 days after receiving (1) the required documentation and (2) any fees relating to the provision of the medical record, as specified. For a further discussion of *Senate Bill 230*, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *90 Day Report*.

## **Consumer Debt Collection – Statute of Limitations**

Generally, a “consumer debt collection action” is any judicial action or arbitration proceeding in which a claim is asserted to collect a consumer debt. A creditor or a collector may not initiate a consumer debt collection action after the expiration of the statute of limitations applicable to the consumer debt collection action. Under current law, notwithstanding any other provision of law, on the expiration of the statute of limitations applicable to the consumer debt collection action, any subsequent payment toward, written or oral affirmation of, or any other activity on the debt may not revive or extend the limitations period.

*Senate Bill 42 (passed)* clarifies the prohibition on reviving or extending the statute of limitations period applicable to a consumer debt collection action. The bill clarifies that the existing prohibition does not affect the statute of limitations applicable to a cause of action arising from a separate written agreement or written payment plan entered into by the debtor and the creditor or collector before the expiration of the statute of limitations applicable to the consumer debt collection action on the underlying debt.

## **Wrongful Detainer and Distress Actions – Trial by Jury**

Generally, an action of distress for rent means to file suit to collect unpaid rent. “Wrongful detainer” means to hold possession of real property without the right to do so. *Senate Bill 226 (passed)* clarifies the right to demand a jury trial in a wrongful detainer or distress for rent action brought in the District Court if the amount in controversy exceeds \$15,000. For a further discussion of *Senate Bill 226*, see the subpart “Real Property” within this part of this *90 Day Report*.

## **Family Law**

### **Termination of Parental Rights of Rapists**

The National Conference of State Legislatures (NCSL) reports that various studies over the last two decades estimate that between 17,000 and 32,000 rape-related pregnancies occur in the United States every year. According to NCSL, as of April 2017, approximately 45 states and the District of Columbia have enacted legislation specifically regarding the parental rights of perpetrators of rape resulting in the conception of a child.

*Senate Bill 2/House Bill 1 (Chs. 3 and 4)* authorize a court, after a trial, to terminate the parental rights of a respondent if the court (1) determines that the respondent has been served, as specified; (2) finds that the respondent was either convicted of, or finds by clear and convincing evidence that the respondent committed, an act of nonconsensual sexual conduct against the other parent that resulted in the conception of the child at issue; and (3) finds by clear and convincing evidence that it is in the best interest of the child to terminate the parental rights of the respondent. The court may not terminate parental rights if the parents were married at the time of the conception of the child at issue unless (1) the respondent has been convicted of an act of nonconsensual conduct against the other parent that resulted in the conception of the child or (2) the parents were separated in accordance with a protective order during the time of the conception of the child and have remained separate and apart since the time of conception. A termination of parental rights completely terminates a parent's right to custody of, guardianship of, access to, visitation with, and inheritance from the child, as well as a parent's responsibility to support the child, including the responsibility to pay child support.

An action for termination of parental rights may be filed by either parent of the child or the child's court-appointed attorney or guardian. An action filed by a parent must be filed within seven years after the later of either the date of the birth of the child or the date on which the parent knew or should have known the other parent's identity. An action filed by a court-appointed guardian or attorney must be filed before the child becomes an adult.

A parent in a proceeding under the bills' provisions is entitled to the assistance of counsel. The court must refer an unrepresented parent to a qualified grantee of the Maryland Legal Services Corporation (MLSC) for assignment of counsel or appoint counsel for an unrepresented parent. A parent is not entitled to assistance of counsel at the expense of MLSC or to appointed counsel unless the party is indigent.

## **Divorce**

### **Mutual Consent**

Under current law, a court may grant an absolute divorce on the ground of mutual consent if (1) the parties do not have any minor children in common; (2) the parties execute and submit to the court a written settlement agreement signed by both parties that resolves all issues relating to alimony and the distribution of property, as specified; (3) neither party files a pleading to set aside the settlement agreement prior to the divorce hearing required under the Maryland Rules; and (4) both parties appear before the court at the absolute divorce hearing.

*Senate Bill 96 (passed)* repeals the requirement that both parties appear before the court in order to be granted an absolute divorce on the ground of mutual consent. *Senate Bill 120 (passed)* repeals the restriction that limits absolute divorces on the ground of mutual consent to parties without minor children in common. Instead, it requires the written settlement agreement submitted to the court to also resolve all issues relating to the care, custody, access, and support of minor or dependent children. The parties must attach to the settlement agreement a completed child support guidelines worksheet, if applicable. The bill also establishes that as a condition to granting an

absolute divorce on the ground of mutual consent, the court must be satisfied that any terms of the settlement agreement relating to minor or dependent children are in the best interests of those children.

### **Twelve-month Separation – Oral Amendment to Divorce Application**

Statutory provisions set forth a process by which a court may grant a limited divorce, which does not sever the marriage but does grant the complaining party the right to live separate and apart from the other spouse. A limited divorce also can address issues of custody, visitation, child support, alimony, and use and possession of a family home. A court may grant an absolute divorce based on numerous specified grounds, including the ground of 12-month separation when the parties have lived separate and apart without cohabitation for 12 months without interruption before the filing of the application for divorce. *House Bill 1368 (passed)* authorizes an oral amendment to a previously filed application for a limited or absolute divorce, that is made by a party with the consent of the other party at a hearing on the merits in open court, to qualify as “the filing of the application for divorce” in statutory provisions regarding an absolute divorce on the ground of a 12-month separation.

## **Domestic Violence**

### **Definition of Abuse – Revenge Porn**

Under current law, an individual meeting specified relationship requirements may seek relief from “abuse” by filing a petition for a protective order. Abuse is defined as (1) an act that causes serious bodily harm; (2) an act that places a person eligible for relief in fear of imminent serious bodily harm; (3) assault in any degree; (4) rape or sexual offense or attempted rape or sexual offense in any degree; (5) false imprisonment; or (6) stalking. If granted by the court, a protective order may include various types of relief for the petitioner, including provisions requiring a respondent to refrain from contacting the petitioner and to stay away from the petitioner’s home, school, or place of employment. Issues of custody, visitation, emergency family maintenance, and use and possession of the family home also may be included.

*Senate Bill 121 (passed)* expands the definition of abuse to include “revenge porn.” As set forth in statute, “revenge porn” is intentionally causing serious emotional distress to another by intentionally placing on the Internet a photograph, film, videotape, recording, or any other reproduction of the image of the other person that reveals the identity of the other person with his or her intimate parts exposed or while engaged in an act of sexual contact (1) knowing that the other person did not consent to the placement of the image on the Internet and (2) under circumstances in which the other person had a reasonable expectation that the image would be kept private. The statute provides specific definitions for “intimate parts” and “sexual contact.” The prohibition regarding “revenge porn” does not apply to (1) lawful and common practices of law enforcement, the reporting of unlawful conduct, or legal proceedings or (2) situations involving voluntary exposure in public or commercial settings.

## Permanent Protective Orders

Statutory provisions currently set forth a process by which a victim of abuse who was the person eligible for relief in an original final protective order may request the issuance of a permanent protective order in specified circumstances. A permanent protective order may contain only the relief that was granted in the original interim, temporary, or final protective order that required the respondent to refrain from abusing or threatening to abuse the person eligible for relief or to refrain from contacting, attempting to contact, or harassing the person eligible for relief.

*Senate Bill 491/House Bill 1303 (both passed)* expand the circumstances under which a court is required to issue such an order. The bills repeal provisions that condition eligibility requirements for a permanent final protective order on an individual having been convicted and sentenced only for specified offenses that led to the issuance of a final protective order. Instead, a court must issue a permanent protective order against an individual if (1) an interim, temporary, or final protective order has been issued against the individual and (2) the individual was convicted and sentenced to serve a term of imprisonment of at least five years for the act of abuse that led to the issuance of the interim, temporary, or final protective order or, during the term of the order, the individual committed an act of abuse against the person eligible for relief and was convicted and sentenced to serve a term of imprisonment of at least five years for the act. As is required under current law, the individual must also have served at least 12 months of the sentence.

## Address Confidentiality

The Address Confidentiality Program for victims of domestic violence and the Human Trafficking Address Confidentiality Program (known collectively as ACP) is administered by the Office of the Secretary of State and serves victims of domestic violence and victims of human trafficking. ACP provides a substitute address for victims who have moved or are about to move to a new location unknown to their abuser, and it provides participants with confidential mail-forwarding service for first-class mail and legal papers. *Senate Bill 578/House Bill 633 (both passed)* authorize a participant in ACP to request the shielding of real property records under specified circumstances and establish procedures for submitting such a request. The bills also make multiple changes to both programs. For a more detailed discussion of this issue, see subpart “Real Property” within this part of this *90 Day Report*.

## Children in Out-of-home Placement

The Department of Human Services (DHS) currently serves as the representative payee for any benefits received on behalf of a child in out-of-home placement when the child’s parent or other relative is not available to serve in that role. As the representative payee, DHS uses the benefits to offset the cost of a child’s foster care. Funds in excess of the cost of care for individual children are deposited into trust fund bank accounts and may be used to fund specified authorized purchases or conserved for the child. In *Washington State Department of Social and Health Services v. Guardianship Estate of Keffeler*, 537 U.S. 371 (2003), the U.S. Supreme Court affirmed the right of states to act as representative payees and to use the benefits to reimburse the cost of care. However, in recent years, some child welfare advocates have challenged the practice of using

these benefits to reimburse states for the cost of providing the care, arguing that the practice amounts to requiring children to pay for their own stay in foster care and that instead, benefits should be invested or otherwise saved for the child's future.

*Senate Bill 291/House Bill 524 (both passed)* establish requirements for the management and use of specified benefits, assets, and resources of children in the custody of DHS. Consistent with federal law, when applying for specified benefits for a child in its custody, DHS must, in cooperation with the child's attorney, identify a representative payee or fiduciary. When DHS serves as the representative payee or in any other fiduciary capacity for a child receiving Veterans Administration benefits, Supplemental Security Income, or Social Security benefits, DHS must (1) use or conserve the benefits in the child's best interest, including using the benefits for special needs not otherwise provided by DHS or conserving the benefits for the child's reasonably foreseeable future needs and (2) ensure that when the child attains the age of 14, and until DHS no longer serves as the representative payee or fiduciary, that a minimum percentage of the child's benefits are not used to reimburse the State for the costs of care and are instead conserved in accordance with the bill's provisions. The bills specify that (1) from age 14 through age 15, at least 40% of benefits may not be used to reimburse the State; (2) from age 16 through age 17, at least 80% of benefits may not be used; and (3) from age 18 through age 20, no benefits may be used for State reimbursements.

DHS must appropriately monitor any federal asset or resource limits for the benefits and ensure that the child's best interest is served by using or conserving the benefits in a way that avoids violating any federal asset or resource limits that would affect the child's eligibility to receive the benefits. DHS must exercise discretion, for benefits or resources below or not subject to any federal asset or resource limit, to conserve or use the funds for services for special needs not otherwise provided by DHS.

Among other responsibilities, including various notice requirements, DHS must provide an annual accounting to the child and the child's attorney of how the child's resources have been used or conserved and provide the child with financial literacy training when the child reaches age 14.

### **Centralized Comprehensive Health Care Monitoring Program**

Numerous studies have determined that children in foster care have more serious physical and mental health problems and risks than nearly any other population group in the nation; at the end of fiscal 2017, there were over 4,000 children in out-of-home placements through DHS. The Baltimore City Department of Social Services contracts for a centralized comprehensive health care monitoring initiative, the Making All the Children Healthy program, which serves all foster children in the custody of the local department. *House Bill 1582 (passed)* establishes a State Medical Director for Children Receiving Child Welfare Services in DHS. The director, in consultation with local departments of social services, must develop a Centralized Comprehensive Health Care Monitoring Program for children in out-of-home placements that will ensure the replication of centralized health care coordination and monitoring of services across the State. Among other duties, the director must also collect data on the timeliness and effectiveness of the

provision or procurement of health care services for children in the custody of local departments of social services and assess the competency of health care providers who evaluate and treat abused and neglected children in the custody of a local department. For a further discussion of [House Bill 1582](#), see the subpart “Social Services” within Part J – Health and Human Services of this *90 Day Report*.

## **Child Abuse and Neglect**

### **Substance-exposed Newborns**

Statutory provisions set forth a process by which local departments of social services are notified of “substance-exposed” newborns. 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 health care practitioner involved in the delivery or care of a substance-exposed newborn must make an oral and written report to the local department of social services within specified timeframes. Promptly after receiving a report, the local department must assess the risk of harm to and the safety of the newborn to determine if further intervention is necessary. If further intervention is determined to be necessary, the local department must take specified actions, including developing 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.

A health care practitioner is not required to make a report under specified circumstances, including if the health care practitioner has verified that, at the time of delivery (1) the mother was using a controlled substance as currently prescribed for the mother by a licensed health care practitioner or (2) the presence of the controlled substance was consistent with a prescribed medical or drug treatment administered to the mother or the newborn.

Recent amendments to the federal Child Abuse Prevention and Treatment Act (CAPTA) require Maryland, in order to receive federal funds, to alter the current statutory exemption from the reporting requirements for mothers taking prescribed controlled substances. Accordingly, in order to protect the CAPTA finding, [House Bill 1744 \(passed\)](#) modifies the exceptions described above by establishing that a health care practitioner is exempt from making a report to the local department of social services if the practitioner has verified that, at the time of delivery (1) the mother was using a controlled substance as currently prescribed for the mother by a licensed health care practitioner; (2) the newborn does not display the effects of withdrawal from controlled substance exposure as determined by medical personnel; (3) the newborn does not display the effects of fetal alcohol spectrum disorder; and (4) the newborn is not affected by substance abuse. The bill repeals the provision that exempted reporting if a health care practitioner has verified that, at the time of the delivery, the presence of the controlled substance was consistent with a prescribed medical or drug treatment administered to the mother of the newborn. Additionally, the bill repeals

the provision establishing that a newborn is substance-exposed if the newborn's mother had a positive toxicology screen for a controlled drug at the time of the delivery.

### **Birth Match Program**

The State's birth match program is an initiative intended to ensure the safety of newborns by identifying and offering supportive services to individuals who have additional children after being identified as responsible for child abuse and neglect and having their parental rights terminated. Pursuant to the program, the Executive Director of the Social Services Administration (SSA) within DHS provides the Secretary of Health with identifying information regarding individuals who, as to any child, have had their parental rights terminated and have been identified as responsible for abuse or neglect in a central registry (a confidential database that maintains records regarding child abuse and neglect). The Secretary of Health provides to the Executive Director of SSA birth record information for a child born to an individual whose identifying information has been provided within the previous five years.

When birth record information is provided, the Executive Director of SSA verifies the identity of the birth parent and immediately notifies the local department of social services in the jurisdiction in which the child resides so that the local department may review its records and, when appropriate, provide an assessment of the family and offer services, if needed.

*Senate Bill 490/House Bill 454 (both passed)* require a court to provide the Secretary of Health with identifying information regarding an individual who has been convicted of the murder, attempted murder, or manslaughter of a child. The bills alter, from 5 to 10 years, the period of time for which the Secretary of Health must provide birth record information to SSA; the 10-year period also applies to individuals whose identifying information has been provided by a court. The bills also add a requirement for DHS, in coordination with the Vital Statistics Administration of the Maryland Department of Health, to contract with an independent entity to develop a data collection process to assess the effectiveness of current procedures requiring the sharing of records in predicting and preventing child abuse and neglect.

## **Child Support**

### **Driver's License Suspensions**

On notification by the Child Support Administration (CSA) that an obligor is 60 days or more out of compliance with the most recent order of the court in making child support payments, the Motor Vehicle Administration (MVA) must suspend an obligor's license or privilege to drive and may issue a work-restricted license or work-restricted privilege to drive. MVA must reinstate an obligor's license or privilege to drive if it receives a court order to do so or if CSA notifies MVA that (1) the individual is not in arrears in making child support payments; (2) the obligor has paid the support arrearage in full; or (3) the obligor has demonstrated good faith by paying the ordered amount of support for six consecutive months.

*Senate Bill 79 (passed)* requires MVA, on request of CSA, to expunge a driving record of a suspension for failure to pay child support if specified conditions are met. Specifically, CSA

may request that MVA expunge a record of a suspension of a license or privilege to drive for failure to pay child support for an obligor who is enrolled in and compliant with an employment program approved by CSA. MVA must expunge a driving record of such suspensions if the licensee has not been convicted of driving on a license that was suspended for failure to pay child support and does not have any related charges pending. MVA must also expunge the record on notification from CSA that the information it reported that led to the suspension was inaccurate. A request by CSA to expunge the record pursuant to these provisions may not affect any suspension unrelated to child support.

The bill also expands the circumstances under which CSA must notify MVA to reinstate an obligor's license or privilege to drive by requiring it to do so if the obligor is a participant in full compliance of an employment program approved by CSA. MVA must reinstate an obligor's license or privilege to drive on receipt of such notification. It must also reinstate the license or privilege on notification that (1) information regarding the reported arrearage is inaccurate; (2) suspension of the obligor's license or privilege to drive would be an impediment to the obligor's current or potential employment; or (3) suspension of the obligor's license or privilege to drive would place an undue hardship on the obligor, as specified.

### **Payment Incentive Program**

CSA within DHS is responsible for a statewide payment incentive program (PIP) to encourage payments of child support in cases in which Temporary Cash Assistance recipients have assigned their support rights to the State and federal government as partial reimbursement for payments made on behalf of the children of the obligor. Pursuant to the program, CSA enters into agreements with child support obligors in exchange for reductions in the amount of arrearages. In determining whether to authorize participation in PIP, CSA must consider specified factors, including whether the agreement serves the best interests of the children whom the obligor is required to support. As part of PIP, CSA must agree to reduce child support arrearages as follows: (1) after 12 months of uninterrupted court-ordered payments, the arrearages are reduced by 50% of the amount of arrearages owed before the agreement; and (2) after 24 months of uninterrupted court-ordered payments, the arrearages balance is reduced to zero.

*House Bill 1554 (passed)* makes numerous changes to PIP, including requiring CSA to develop an electronic application process for participation. It also requires CSA to include any uninterrupted court-ordered payments made immediately before the obligor's participation in the program when reducing the amount of arrearages owed as determined by the period of uninterrupted payments. CSA may develop an alternative schedule for obligors who are employed seasonally. For up to six months of unemployment, CSA may not penalize the obligor for payments missed due to the unemployment. On reemployment, uninterrupted payments must be added to the payments made before the obligor's unemployment for purposes of determining the applicable period of uninterrupted payments. The bill also specifies that CSA and local support enforcement offices must jointly continue to update public awareness campaigns regarding PIP and must focus on those jurisdictions with low rates of participation. CSA must develop, maintain, and continuously update training and awareness materials for use within CSA and enforcement offices to ensure that staff members are aware of PIP and its benefits.

## Human Relations

### Sexual Harassment

State law generally prohibits an employer with at least 15 employees from discharging, failing or refusing to hire, or otherwise discriminating against any individual with respect to the individual's compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, genetic information, or disability. For the purposes of this prohibition, the State and local governments are considered employers. Sexual harassment is a form of sex-based discrimination.

The State employee sexual harassment policy defines “sexual harassment” as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical conduct of a sexual nature when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis of employment decisions affecting an individual; or (3) such conduct has the effect of interfering with an individual's work performance or creating an intimidating, hostile, or abusive work environment.

It is the policy of both the Maryland General Assembly (MGA) and the Department of Legislative Services (DLS) that “harassment based on an individual's race, color, religion, gender, gender identity, sexual orientation, national origin, age, disability, marital status, citizenship, sex, or any other characteristic protected by law, is prohibited.” Although MGA and DLS have separate written workplace harassment policies, both policies define sexual harassment as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical contact of a sexual nature, including specified actions. The policies cover the interaction of all MGA and DLS employees as well as members, interns, and pages assigned to MGA. The policies also cover interactions outside of the legislative complex, such as at legislative-sponsored events, professional meetings or seminars, and other activities that involve legislative business.

***House Bill 1342 (passed)*** is an emergency bill that makes several changes related to antiharassment procedures, policies, and training. Among other things, the bill (1) prohibits State officials, as specified, from unlawfully harassing or discriminating against officials, employees, interns, pages, fellows, individual regulated lobbyists, or credentialed members of the press; (2) requires the Legislative Policy Committee (LPC) to review and update as necessary its antiharassment policy and procedures at least every two years; (3) requires the Joint Committee on Legislative Ethics (JCLE) to review complaints involving MGA members that allege violations of the policy and procedures adopted by LPC; (4) establishes specific prohibitions relating to harassment and discrimination for lobbyists; and (5) requires JCLE, unless the alleged victim objects, to refer a complaint for evaluation to an outside and independent investigator if the complaint alleges that a member of GAM has violated the antiharassment policy and procedures or retaliated against an individual for reporting or participating in an investigation. For a further discussion of ***House Bill 1342***, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *90 Day Report*.

Among other duties, the Office of the Statewide Equal Employment Opportunity (EEO) Coordinator, within the Department of Budget and Management, administers and enforces State and federal EEO laws and policies and promotes a work environment free of any unlawful discrimination, harassment, and retaliation. *House Bill 1228 (passed)* requires Executive Branch units to include information about sexual harassment policies and prevention training and a summary of sexual harassment complaints filed, investigated, resolved, and pending in the annual report that is submitted to the EEO coordinator. For a further discussion of *House Bill 1228*, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *90 Day Report*.

*House Bill 1423 (passed)* requires all State employees to complete at least a cumulative two hours of in-person or virtual interactive training on sexual harassment prevention within (1) six months of an employee’s initial appointment and (2) every two-year period thereafter. The training must address specified items, including information on the federal and State laws concerning the prohibition of sexual harassment. The bill also requires additional training for supervisors. For Executive Branch units, the EEO coordinator must enforce the requirements of the bill and may recommend that a performance audit or review be performed by the Office of Legislative Audits if the EEO coordinator determines that a unit has not complied with the bill. For a further discussion of *House Bill 1423*, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *90 Day Report*.

*Senate Bill 1010/House Bill 1596 (both passed)* establish that, except as prohibited by federal law, a provision in an employment contract, policy, or agreement that waives any substantive or procedural right or remedy to a claim that accrues in the future of sexual harassment or retaliation for reporting or asserting a right or remedy based on sexual harassment is null and void as being against the public policy of the State. The bills also require employers with 50 or more employees to submit a survey on the number of specified actions regarding sexual harassment to the Maryland Commission on Civil Rights (MCCR) by July 1, 2020, and by July 1, 2022. MCCR must publish and make the information accessible to the public, as specified, and submit related information by December 15, 2020, and by December 15, 2022, to the Governor and specified committees of the General Assembly. For a further discussion of *Senate Bill 1010/House Bill 1596*, see the subpart “Labor and Employment” within Part H – Business and Economic Issues of this *90 Day Report*.

## **Housing Discrimination**

Housing discrimination because of race, sex, color, religion, national origin, marital status, familial status, sexual orientation, gender identity, or disability is prohibited. Racially restrictive covenants in a deed or other instrument used to convey real property are not illegal *per se*, however, they are unenforceable by State courts. A homeowners association (HOA) may delete a recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the deeds or other declarations of property in the development with the affirmative vote of at least 85% of the lot owners, or by a method otherwise specified in the deeds or declarations. After the lot owners in the development agree to such a deletion, the governing body of an HOA must

record an amendment to the deeds or other declarations with the clerk of the court in the jurisdiction where the development is located.

*Senate Bill 621 (passed)* authorizes a person to execute and record a restrictive covenant modification if the person (1) holds an ownership interest in property that the person believes is subject to a specified unlawfully restrictive covenant or (2) is a nonprofit entity that is required to enforce covenants, as specified, within a defined residential neighborhood. The bill also requires the governing body of an HOA to delete any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations of property in the development by September 30, 2019. For a further discussion of *Senate Bill 621*, see the subpart “Real Property” within this part of this *90 Day Report*.

### **Task Force on Reconciliation and Equity**

The Institute for Urban Research at Morgan State University seeks to improve how government, private, and other institutions respond to the challenges of poverty, unemployment, poor health, truancy, and related problems. *Senate Bill 350 (passed)* requires the institute to convene a task force to explore issues of reconciliation, inclusionary justice, and racial equity that includes specified stakeholders. The task force must include one member of the Senate and one member of the House of Delegates. The purpose of the task force is to foster reconciliation and inclusionary justice and work toward achieving racial equity by (1) increasing awareness through public discussions about the nature, extent, causes, and consequences of racial inequities; (2) involving individuals and public and private entities, including African American and other minority groups, in every sector throughout the State in a collective process; (3) fostering racial equity through recognition, understanding, adjustment, compromise, and repair; and (4) recommending strategies, changes, and actions in institutions, policies, and laws to eliminate systemic racism and promote equity, access, and opportunity that can lead to healing and foster reconciliation. Among other responsibilities, the task force must study numerous matters, including (1) the nature of racism, sexism in the experience of racial inequities, and institutional bias throughout the State; (2) manifestations of institutional and structural racism; (3) the impact of institutional and structural racism, as specified; (4) past and ongoing efforts to promote human rights and social and inclusionary justice; and (5) best practices throughout the United States regarding policies, laws, and systems designed to eliminate institutional and structural racism and sexism and foster repair for those impacted. By January 31, 2019, the institute must submit a preliminary report on the activities of the task force to the Governor and MGA; by January 31, 2020, it must submit a final report on the activities, findings, and recommendations of the task force. The bill authorizing the task force terminates May 31, 2020.

## **Real Property**

### **Common Ownership Communities**

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, the person may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners,

or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities.

### **Condominiums**

*Senate Bill 258/House Bill 77 (both passed)* establish that any provision of an instrument, such as a declaration, bylaw, or contract for the initial sale of a condominium unit, made by a developer or vendor in accordance with the Maryland Condominium Act is unenforceable if the provision (1) shortens the statute of limitations applicable to any claim; (2) waives the application of the discovery rule or other accrual date applicable to a claim; (3) requires a unit owner or the council of unit owners to assert a claim subject to arbitration within a period of time that is shorter than the statute of limitations applicable to the claim; or (4) operates to prevent a unit owner or the council of unit owners from filing a lawsuit, initiating arbitration proceedings for a claim subject to arbitration, or otherwise asserting a claim within the applicable statute of limitations. This nullification applies to a provision relating to any right of a unit owner or council of unit owners to bring a claim under applicable law alleging the failure to comply with (1) applicable building codes; (2) plans and specifications approved by a county or municipality; (3) manufacturer's installation instructions; or (4) specified warranty provisions contained in statute.

In *Elvaton Towne Condominium Regime II, Inc., et al. v. William Kevin Rose, et ux.*, 453 Md. 684 (2017), the Court of Appeals of Maryland held that, while the Maryland Condominium Act does not preclude "suspension-of-privileges" methods as a means of enforcing collection of delinquent fees, such means must have been agreed to by the unit owners and incorporated into the declaration of a condominium. In response to this ruling, *House Bill 575 (passed)* authorizes a declaration of a condominium to provide for the suspension of the use of parking or recreational facility common elements by a unit owner that is more than 60 days in arrears in paying any assessment due to the condominium. If a declaration contains a suspension provision, the declaration must specifically state that a suspension of the use of common elements may not be implemented until the council of unit owners (1) mails to the unit owner a demand letter specifying a time period of at least 10 days within which the unit owner may pay the delinquent assessment or request a hearing to contest the suspension and (2) if a unit owner requests a hearing to contest a suspension, provides notice and holds a hearing in accordance with specified dispute settlement procedures. The bill authorizes the council of unit owners to amend the declaration to add or repeal such a suspension provision by the affirmative vote of at least 60% of the total eligible voters of the condominium.

### **Homeowners Associations**

*House Bill 669 (passed)* specifies that until the time when all lots in a homeowners association (HOA) have been subdivided and recorded in the land records of the county in which the HOA is located, the declarant, when voting on an HOA matter, must have a number of votes that is equal to the number of lots that have been subdivided, recorded, and not yet sold to members of the public.

## **Landlord and Tenant**

### **Payments for Water and Sewer Services**

*Senate Bill 468/House Bill 1073 (both passed)* require a landlord of a building that contains one or two residential dwelling units and who requires a tenant to make payments for water or sewer utility services to the landlord, to use a written lease that provides notice that the tenant is responsible for making payments for water or sewer utility services to the landlord. The bills also require the landlord to provide a copy of the water or sewer bill to the tenant.

### **Lease Option Agreements**

A “lease option agreement” means any clause in a lease agreement or separate document that confers on the tenant some power, either qualified or unqualified, to purchase the landlord’s interest in the property. *House Bill 1257 (passed)* requires a lease option agreement to purchase improved residential property, if executed on or after July 1, 2018, to include a specified statement in capital letters and in close proximity to the tenant’s signature line that the agreement is an integral part of the tenant’s lease and is governed by Title 8 of the Real Property Article, and a tenant or prospective tenant must have all rights and remedies provided under those provisions.

### **Wrongful Detainer and Distress Actions – Trial by Jury**

If a person holds possession of a property to which he or she is not entitled, a “wrongful detainer,” a person claiming possession may file a complaint, in writing, with the District Court of the county in which the property is located. A wrongful detainer action is authorized under Title 14 of the Real Property Article, and before 2010 had been authorized under Title 8 of the Real Property Article.

An action of distress for rent is a suit to collect unpaid rent and may be brought only for unpaid rent under a written lease for a term of more than three months or under a tenancy at will or a periodic tenancy that has continued more than three months. This action is authorized under Title 8 of the Real Property Article, which also contains a general authorization for any party to an action under that title to demand a trial by jury if the amount in controversy otherwise meets general requirements for a trial by jury. *Senate Bill 226 (passed)* clarifies the authorization and procedures for demanding a jury trial in a wrongful detainer or distress for rent action brought in the District Court, which may be brought by any party to the action.

### **Nonresidential Property – Service of Process**

*Senate Bill 1102/House Bill 1329 (both passed)* specify that, in an action to repossess nonresidential property for failure to pay rent, service of process on a tenant (1) must be directed to the sheriff of the appropriate county or municipality and (2) on the plaintiff’s request, may be directed to any person authorized under the Maryland Rules to serve process. The bills make applicable statewide a similar provision that is currently applicable only in Wicomico County.

### **Baltimore City – False Representation and Unlawful Eviction**

*Senate Bill 826/House Bill 1553 (both passed)* clarify and expand provisions of landlord tenant law applicable only in Baltimore City concerning the offenses of false representation and unlawful eviction that are subject to misdemeanor penalties. The bills do not impact civil procedures for breach of lease actions under State or local law. The bills also specify that an agent, a landlord, or an operator may not intentionally (1) interrupt, terminate, or diminish any utility service provided to the tenant; (2) remove furnishings, cooking facilities, appliances, or similar items to which, under the express or implied terms of the tenancy, the tenant may be entitled; (3) prevent the tenant from gaining access to the property by changing the locks and failing to provide the tenant with new keys; (4) remove outside doors or windows; or (5) remove the tenant's personal property, furnishings, or any other items.

### **Mobile Home Parks – Notices to Residents**

*House Bill 1593 (passed)* requires a park owner that enters into a contract of sale for a mobile home park, within five days after entering into the contract, to (1) provide notice of the sale to each resident in the mobile home park by hand delivery or certified mail, return receipt requested, and the Department of Housing and Community Development by certified mail, return receipt requested and (2) post notice of the sale in a public area of the mobile home park. The bill also requires an owner of a mobile home park to provide notice of any proposed rent increase no later than 60 days before the expiration of an existing lease agreement. The requirement to provide notice of a rent increase applies only to a rental agreement that has a term of at least one year that is offered for renewal for a term of at least one year.

### **Foreclosures – Foreclosed Property Registry**

*Senate Bill 222/House Bill 78 (both passed)* require the Department of Labor, Licensing, and Regulation (DLLR) to establish procedures that require a foreclosure purchaser to submit to the Foreclosed Property Registry any changes to specified registration information within 21 business days after the change is known to the purchaser. The bills also require DLLR, on receipt of an initial registration of a property or any change to existing registration information, to promptly notify the county and, if appropriate, the municipal corporation in which the property is located. The bills take effect January 1, 2019.

### **Home Builder Requirements**

Chapter 427 of 2010 established the requirement to provide a specified disclosure statement with any contract of sale for residential real property that includes an agreement by the home builder to provide a "community amenity" in Prince George's County. *House Bill 239 (passed)* further requires a home builder in Prince George's County to make a copy of any recreational facilities agreement (RFA) recorded with the Prince George's County Planning Department available to prospective purchasers in the sales or management office of a community development. The bill also requires a home builder in Prince George's County to display specified information in the sales or management office of the community development in a location visible

to prospective purchasers. The bill applies prospectively, and does not have any effect on advertising for a development in Prince George’s County that promotes an amenity listed in an RFA recorded with the Prince George’s County Planning Department before October 1, 2018.

*Senate Bill 648/House Bill 1481 (both passed)* require a home builder, prior to executing a contract for the initial sale of a new home, to provide written information to the purchaser about energy-efficient options, including a statement that tax credits may be available related to the energy-efficient options, that are available for installation in the home before construction of the home is completed. A contract for the initial sale of a new home must contain an acknowledgment that the home builder provided the purchaser with this same written information. The requirements apply only to a development that contains 11 or more new homes to be built by the same builder.

## **Recordation**

### **Address Confidentiality Programs – Shielding of Real Property Records**

Generally, a custodian of a public record, including a deed transferring real property, must permit inspection of the record at a reasonable time. A custodian must deny inspection of a public record or any part of a public record if (1) the public record is privileged or confidential by law or (2) the inspection would be contrary to a State statute, a federal statute or regulation, the Maryland Rules, or an order of a court of record.

The Maryland Safe at Home Address Confidentiality Program for victims of domestic violence and the Human Trafficking Address Confidentiality Program (referred to collectively as ACP) are administered by the Office of the Secretary of State and serve victims of domestic violence and victims of human trafficking. The stated goal of ACP is to help victims of domestic violence and human trafficking, who have relocated or are about to relocate, in an effort to keep their perpetrators from finding them. ACP provides a substitute address for victims who have moved or are about to move to a new location unknown to their abuser in an effort to keep their perpetrators from finding them, and provides participants with confidential mail-forwarding service for first-class mail and legal papers.

*Senate Bill 578/House Bill 633 (both passed)* authorize a participant in ACP to request the shielding of real property records under specified circumstances and establish procedures for submitting such a request. The bills also make multiple changes to both programs, including generally enabling a participant to use an address assigned by the Office of the Secretary of State as a substitute address, prohibiting a person from knowingly and intentionally seeking and obtaining a program participant’s actual address or telephone number if the person has specific knowledge that the person is a program participant, and prohibiting a person who has received certain notice from knowingly disclosing the name, home address, work address, or school address of a program participant except under specified circumstances.

### **Maryland Uniform Real Property Electronic Recording Act**

Chapter 234 of 2007 authorized the Administrative Office of the Courts (AOC) to establish a pilot program for electronic recording of instruments in the land records. The land records

e-recording pilot was officially established in October 2014 as a collaborative effort by AOC, the Baltimore County Circuit Court Clerk's Office, the Baltimore County Department of Budget and Finance, and the State Department of Assessments and Taxation (SDAT). The pilot project started in spring 2015 to allow customers to electronically record, or e-record, land record documents. In January 2016, the Court of Appeals of Maryland issued an order terminating the pilot program and authorizing the Land Record E-Recording Programs to be expanded to other circuit courts. As a result, Chapter 234 was automatically abrogated. *House Bill 1093 (passed)* establishes in statute uniform procedures for the electronic recording of real property records in the State. The bill defines terms, establishes requirements for electronic documents and signatures, and authorizes SDAT or a county to accept specified electronic payments. The bill also requires AOC to establish standards for processing and recording documents.

### **Unlawfully Restrictive Covenants – Modification or Deletion**

*Senate Bill 621 (passed)* authorizes a person who holds an ownership interest in property, or a nonprofit entity that is required to enforce specified covenants within a defined residential neighborhood, to execute and record under certain circumstances a restrictive covenant modification to an “unlawfully restrictive covenant,” defined as any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin. The bill also requires the governing body of an HOA, on or before September 30, 2019, to delete any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations of property in the development. The governing body may delete such covenants or restrictions without the approval of the lot owners. On or before September 30, 2019, a clerk may not collect specified fees for the recordation of a restrictive covenant modification or an amendment to HOA common area deeds or other declarations made under the bill.

### **Burial Sites**

*Senate Bill 1242/House Bill 877 (both passed)* clarify that if a property owner of a burial site, or land surrounding the site, grants access to the burial site in accordance with the terms of a signed “permission to enter” agreement, the property owner must, rather than may, grant the access. The bills also establish responsibilities for a person who enters land subject to that agreement. In addition, the bills provide that an owner of a burial site or the land encompassing a burial site that has been in existence for more than 50 years and in which the majority of persons interred in the burial site have been interred for more than 50 years, must consult with the Director of the Maryland Historical Trust about the proper treatment of markers, human remains, and the environment surrounding the burial site. Advice provided by the Maryland Historical Trust is not binding on the owner of the burial site. Lastly, the bills authorize the granting of a local property tax credit for an improvement to real property that substantiates, demarcates, commemorates, or celebrates a burial ground.

## Estates and Trusts

### Probate

Generally, registers of wills are entitled to charge and collect fees for the performance of specified duties, which include, among other things, taking probate of wills; furnishing certified copies of the will and codicils; granting letters of administration; furnishing certificates of letters as specified; issuing warrants to appraise; filing elections of surviving spouses to take intestate shares; and filing and recording wills, bonds, inventories, accounts of sale, releases, administration accounts, petitions, and orders. *House Bill 556 (passed)* authorizes a register of wills to waive the fees for administration of an estate if the estate is unable to pay the fees by reason of poverty and the real property of the decedent is (1) to be transferred to an heir of the decedent who resides on the property or (2) encumbered by a lien and subject to a tax sale. For purposes of the bill, “poverty” means (1) at the time of the decedent’s death, the decedent’s family household income was less than 50% of the median family income for the State as reported in the federal register or (2) the personal representative is represented by an attorney retained through the Maryland Legal Services Corporation.

*Senate Bill 292 (passed)* authorizes a decedent’s property consisting of up to two motor vehicles, or a boat or vessel with an appraised value of up to \$5,000, to be transferred to a surviving spouse without the requirement to administer the estate, under specified circumstances.

### Trusts

*Senate Bill 267/House Bill 491 (both passed)* specify that the meaning and effect of the terms of a trust are determined by the law of the jurisdiction as designated by the settlor, unless the designation of the law of that jurisdiction is contrary to a strong public policy of the jurisdiction having the most significant relationship to the matter at issue. If the terms of the trust do not contain a controlling designation, the meaning and effect of the terms of a trust are determined by the law of the jurisdiction that has the most significant relationship to the matter at issue.

*Senate Bill 348/House Bill 444 (both passed)* establish a time limit for contesting the validity of a revocable trust. A person must commence a judicial proceeding within the earliest of (1) one year after the death of the settlor or (2) six months after the trustee sends the person a copy of the trust instrument and a notice informing the person of the existence of the trust, the name and address of the trustee, and the time allowed for commencing a proceeding.

*Senate Bill 1014/House Bill 474 (both passed)* prohibit a beneficiary of a trust from instituting an action for breach of trust against a trustee more than one year after the date that the beneficiary or the representative of the beneficiary is sent a report that (1) adequately discloses the existence of a potential claim for breach of trust and (2) informs the beneficiary or the representative of the beneficiary of the time allowed for bringing a judicial action. A report that adequately discloses the existence of a potential claim for breach of trust provides sufficient information so that the beneficiary or representative knows of the potential claim or should have inquired into the existence of the claim. The bills do not limit the time for bringing an action

against a trustee for breach of trust committed in bad faith or with reckless indifference to the purposes of the trust or the interests of the beneficiaries.

## **Transfers to Minors**

The Maryland Uniform Transfers to Minors Act (MUTMA) allows property to be irrevocably transferred to a custodian for the benefit of a minor until the minor reaches age 18 or 21. Under MUTMA, on petition of an interested person or the minor if the minor is at least age 14, a court may order a custodian to take certain actions or remove a custodian for cause. *House Bill 769 (passed)* authorizes a court adjudicating a claim under UTMA, at any point during a proceeding, to (1) order a party to the proceeding to reimburse or pay to the other party an amount for the reasonable and necessary expense of prosecuting or defending the proceeding; (2) order that counsel fees awarded be paid directly to the lawyer; and (3) enter judgment in favor of the lawyer. Before ordering payment, the court must consider the financial resources and financial needs of both parties and whether there was substantial justification for prosecuting or defending the proceeding.

## **Personal Representatives and Guardians**

### **Standby Guardians**

*Senate Bill 1239 (passed)* authorizes a parent of a minor to designate, in writing, an individual to serve as a standby guardian of the person or property of a minor in the event of an “adverse immigration action” against the parent. The authority of a standby guardian designated by a parent begins on the standby guardian’s receipt of evidence of an adverse immigration action against the parent and a copy of the parent’s written consent to the beginning of the standby guardianship. The standby guardian designated by a parent must then file a petition for appointment as a standby guardian. The court must appoint the person to be a standby guardian if the court finds that there is evidence of an adverse immigration action and parental consent to the beginning of the standby guardianship has been given. The appointment of a standby guardian of a minor under the bill’s provisions may not be construed to require the termination of parental rights with respect to the minor under current law.

### **Guardians of the Person of a Disabled Person**

Upon the appropriate petition and hearing procedures, a court must appoint a guardian of the person for a disabled person if the court determines, based on clear and convincing evidence, that the person lacks sufficient understanding or capacity to make or communicate responsible decisions concerning his person because of any mental disability, disease, habitual drunkenness, or addiction to drugs and that there is no less restrictive form of intervention available that is consistent with the person’s welfare and safety.

Generally, a disabled person for whom a guardian has been appointed may not be committed to a mental facility without the proper involuntary commitment proceeding as required by law. *House Bill 33 (passed)* (1) authorizes a disabled person to apply for voluntary admission to a facility for the treatment of a mental disorder and (2) sets standards and criteria for a facility

to accept a disabled person for voluntary admission. For a further discussion of *House Bill 33*, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *90 Day Report*.

While guardians of the person of a disabled person have general authority to direct the activities of a disabled person, there are no State statutory provisions that specifically limit or grant a guardian’s authority to restrict or prohibit communication or visitation with adult family members or other individuals. *House Bill 1483 (passed)* authorizes a court, when appointing a guardian of a person of a disabled person, to require, as part of the guardian’s duties, the duty to foster and preserve family relationships if it is in the best interest of the disabled person. This includes, as appropriate, assisting to arrange visitation and communication by telephone calls, personal mail, and electronic communications.



## **Part G**

# **Transportation and Motor Vehicles**

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### **Transportation**

#### **WMATA Funding and Governance**

The Washington Metropolitan Area Transit Authority (WMATA) was established in 1967 through an interstate compact among Maryland, Virginia, and the District of Columbia. The original purpose was construction and operation of a rapid rail transit system for the Washington metropolitan area. In 1973, WMATA purchased the assets of four major private bus companies operating in the area. Maryland's overall participation in the Washington metropolitan transit system consists of the provision of annual funding to WMATA for capital and operating costs of the Metrorail, Metrobus, and MetroAccess systems.

#### **Funding**

WMATA's operations are funded through operating revenues and subsidies provided by the compact signatories: Maryland, Virginia, and the District of Columbia. Since fiscal 2012, WMATA has seen a decline in ridership, resulting in decreased operating revenues. Service quality and reliability issues, combined with the disruptions caused by WMATA's SafeTrack maintenance initiative, are cited as leading factors in the decline in ridership. WMATA instituted fare increases and a reduction of service for fiscal 2018 in order to address the decrease in operating revenues.

In April 2017, WMATA released a report, *Keeping Metro Safe, Reliable, and Affordable*, which proposed a number of changes to WMATA funding and operations. The report calls for the compact signatories to establish a "stable revenue source to generate \$500 million per year" for capital projects. The report further states that WMATA has \$25 billion in unfunded capital needs and will need \$15.5 billion over the next 10 years for its most critical capital projects. Additionally, the report notes that, without a change to WMATA's business model, operating subsidies from compact signatories will continue to increase. WMATA's six-year capital program is composed of mostly state, local, and federal funds. General parameters on capital funding levels are typically

established in a six-year Capital Funding Agreement developed through negotiations between WMATA and its local funding partners.

In response to WMATA's request, *Senate Bill 277/House Bill 372 (both passed)* mandate additional capital funding for WMATA (contingent on Virginia and the District of Columbia also providing additional capital funding) in two ways. First, the bills require the Governor to include in the State budget an appropriation of \$167 million from the funds available in the State capital program in the Transportation Trust Fund (TTF). Second, the bills require the State's existing capital subsidy to WMATA to increase annually over the previous fiscal year. The earliest that this mandated capital funding can take effect is fiscal 2020.

The bills also require the Governor to withhold (1) a portion of the State's capital funding to WMATA if WMATA receives a modified audit opinion as a result of an annual independent audit and the Maryland Department of Transportation (MDOT) has not certified that WMATA has submitted a satisfactory corrective plan that addresses the reasons for the audit opinion and (2) a portion of the State's operating funding to WMATA if WMATA's nonessential spending increases by more than 3% compared to the previous year.

In addition, the bills require WMATA to complete a study of various aspects of its operations and increase the capital and operational funding for the Maryland Transit Administration (MTA). For a discussion of these aspects of the bills, see the discussion of "Transportation Project and Program Funding" within this subpart of this *90 Day Report*.

### **Board Membership**

The Metro Board of Directors is responsible for determining WMATA policy and overseeing the funding, operation, and expansion of WMATA transit facilities. The board is composed of eight voting members and eight alternate members. Maryland, Virginia, the District of Columbia, and the federal government each appoint two voting and two alternate members.

*Senate Bill 279/House Bill 370 (both passed)* require one of Maryland's two principal board members to be the Secretary of Transportation or a designee of the Secretary who meets specified qualifications. The bills also encourage each signatory of the WMATA Compact to support reform of WMATA's governance structure to improve efficiency, accountability, and effectiveness of WMATA's performance, oversight, safety, accessibility, environmental quality, economic development, and quality of life in Maryland and provides examples of the types of reforms that may be appropriate.

### **Highway User Revenues**

Since the early 1900s, the State has shared motor vehicle-related revenues with the counties and Baltimore City. Legislation enacted in 1970 created MDOT and a consolidated TTF. As provided by that legislation, the State shares with the counties, Baltimore City, and municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA) in the TTF, more commonly referred to as "highway user revenues" (HURs). The revenues dedicated to

the account include all or some portion of the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax. These revenues are currently distributed to MDOT and local jurisdictions as follows:

- 90.4% to MDOT;
- 7.7% to Baltimore City;
- 1.5% to counties; and
- 0.4% to municipalities.

The fiscal 2019 budget includes an additional \$58.0 million for capital transportation grants to be distributed to local governments. Of this total, \$29.9 million goes to counties, \$5.6 million goes to Baltimore City, and \$22.5 million goes to municipalities. Budget bill language specifies that the grants be distributed to the counties and municipalities using the same GMVRA distribution formula that applies to the counties and municipalities.

*Senate Bill 516/House Bill 807 (both passed)* alter the manner in which HURs are shared with local governments and increase the local government share. The bills require 100% of the funds in GMVRA to be retained by the TTF beginning in fiscal 2020. Also beginning that year, instead of directly sharing GMVRA revenue with local governments, MDOT must provide capital transportation grants to local governments based on the amount of revenue allocated to GMVRA. The grants, however, continue to be HURs.

The bills require that, from fiscal 2020 through 2024, amounts equivalent to 13.5% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%). Beginning in fiscal 2025, amounts equivalent to 9.6% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this is equivalent to the current GMVRA distribution to localities. The capital grants may only be appropriated if all debt service requirements and MDOT operating expenses have been funded and sufficient funds are available to fund the capital program. The distribution of the projected increase in revenues among Baltimore City, counties, and municipalities is shown in **Exhibit G-1**.

**Exhibit G-1**  
**Projected Increase in Local Highway User Revenues**  
**Fiscal 2020-2023**  
**(\$ in Millions)**

	<u><b>FY 2020</b></u>	<u><b>FY 2021</b></u>	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>
Baltimore City	\$11.2	\$11.3	\$11.5	\$11.8
Counties	31.7	32.1	32.6	33.3
Municipalities	29.8	30.3	30.7	31.4
<b>Total</b>	<b>\$72.7</b>	<b>\$73.7</b>	<b>\$74.9</b>	<b>\$76.5</b>

Note: Totals may not sum due to rounding.

Source: Department of Legislative Services

## **Transportation Project and Program Funding**

### **Maryland Transit Administration Funding and WMATA Study**

In addition to mandating additional capital funding for WMATA, *Senate Bill 277/House Bill 372 (both passed)* mandate additional capital and operating funding for MTA from fiscal 2020 through 2022, require MTA to develop a Central Maryland Regional Transit Plan and staff a related commission, and require WMATA to study numerous aspects of its operations. **Exhibit G-2** illustrates the additional funding mandated for MTA. In addition, TTF expenditures increase by \$4.3 million in fiscal 2019, which reflects costs incurred by MDOT to pay for the required WMATA study (\$1 million) and costs incurred by MTA to (1) perform an initial capital needs assessment (\$750,000) and (2) staff the Central Maryland Regional Transit Plan Commission and begin developing the Central Maryland Regional Transit Plan (\$2.5 million).

The increase in capital appropriations for MTA has no net effect on MDOT's total capital spending; as this grant increases, other capital projects in the program receive less funding. However, the increase in TTF operating expenditures resulting from the bills in fiscal 2019 and the increase in operating appropriations mandated for MTA from fiscal 2020 through 2022 require MDOT to reduce its bond issuances by \$25 million from fiscal 2019 through 2022. This reduction results in debt service savings of \$5 million over the same period.

**Exhibit G-2**  
**Mandated Capital and Operating Appropriations for MTA**  
**Fiscal 2019-2023**  
**(\$ in Millions)**

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Total Capital Increase</b>	<b>\$0</b>	<b>\$29.1</b>	<b>\$29.1</b>	<b>\$29.1</b>	<b>\$0</b>
<b>Operating Appropriations</b>					
Current Law	849.0	870.0	892.0	912.0	921.0
Amount Under the Bills	849.0	886.4	925.4	966.1	921.0
<b>Total Operating Increase</b>	<b>\$0</b>	<b>\$16.4</b>	<b>\$33.4</b>	<b>\$54.1</b>	<b>\$0</b>
<b>Total Increase</b>	<b>\$0</b>	<b>\$45.5</b>	<b>\$62.5</b>	<b>\$83.2</b>	<b>\$0</b>

MTA: Maryland Transit Administration

Note: FY 2022 and 2023 estimates do not include Purple Line availability payments.

Source: Department of Legislative Services; Maryland Department of Transportation

### **Job Access and Reverse Commute Program**

*House Bill 1468 (passed)* establishes the Job Access and Reverse Commute Program in MTA. Under the program, MTA is authorized to make grants to providers (which may be nonprofit organizations, local transit systems, or employers) that connect “targeted populations” with “targeted employment areas” through job access and reverse commute projects. Targeted employment area means an area that has recently experienced a significant growth in employment opportunities in specified sectors. Targeted population means individuals who (1) reside in low-income areas, as determined by MTA; (2) have limited or no access to the use of a personal vehicle; and (3) reside in areas with limited access to fixed route transit service. Funds for the program will be as provided by the Governor in the State budget, not to exceed \$400,000 annually.

The program is modeled after a Federal Transit Administration (FTA) grant program of the same name that is no longer funded at the federal level; however, some of the grant funding is provided through a separate FTA grant program. The State receives about \$1.8 million less under this grant program than it did through the original program.

### **Pride of Baltimore II**

The Pride of Baltimore II is a replica sailing vessel launched in April 1988. The ship is a popular tourist attraction that offers deck tours and sailing rides to guests and operates out of the Port of Baltimore. *Senate Bill 1206 (passed)* requires the Governor to include in the annual State budget for fiscal 2020 through 2023 an appropriation of \$500,000 from the TTF for the operation

of the Pride of Baltimore II. Any person or entity that receives funds under the bill must annually submit a report regarding the Pride of Baltimore II's operations and finances.

### **Public Private Partnerships**

*House Bill 816 (passed)* clarifies the circumstances under which the State may provide compensation to a private entity that is a party to a public-private partnership (P3) if another project results in a documented revenue loss for the private entity. It further clarifies that a P3 agreement for a project involving road, highway, or bridge assets may not include a noncompete clause that would inhibit the planning, construction, or implementation of State-funded transit projects. For a more detailed discussion of this issue, see the subpart "Procurement" within Part C – State Government of this *90 Day Report*.

### **Complete Streets Policies and Grants**

Complete Streets policies are generally considered policies that guide transportation network planning, construction, and maintenance to encourage the use of multiple modes of transportation, such as walking, bicycling, public transportation, and cars.

*Senate Bill 850/House Bill 744 (both passed)* require the State Highway Administration (SHA), Maryland Aviation Administration (MAA), and MTA to adopt and implement complete streets policies for the State's highways, airport facilities, and transit facilities. The bills define a complete streets policy as a policy that provides information for the implementation of design features that accommodate and facilitate safe and convenient access and mobility to transportation facilities by all users, including bicyclists, motorists, pedestrians, and public transportation users.

*Senate Bill 407/House Bill 535 (both passed)* establish the Complete Streets Program as a competitive matching grant program within MDOT. Funds for the program will be as provided by the Governor in the State budget. Local governments that develop complete streets policies and are certified by MDOT may apply for grants from the program to finance the design and planning of eligible projects, which are projects that include the addition of or significant repair to facilities that provide access for users of multiple modes of transportation.

### **Dedication and Naming of Transportation Facilities**

#### **Renaming of the Harry W. Nice Memorial Bridge**

The Harry W. Nice Memorial Bridge carries U.S. 301 over the Potomac River between Maryland and Virginia. It is the second oldest of the Maryland Transportation Authority's (MDTA) facilities. The opening of the bridge on December 15, 1940, gave MDTA customers a new route to the south; before the bridge was built, travelers heading from Eastern and Southern Maryland to Richmond and Norfolk, and other points further south, had to travel through Washington, DC, along U.S. 1. *House Bill 4 (Ch. 20)* requires MDTA to rename the Harry W. Nice Memorial Bridge as the Harry W. Nice/Thomas "Mac" Middleton Bridge.

Senator Thomas “Mac” Middleton was elected to the Maryland Senate in 1994 and has served as the Chairman of the Senate Finance Committee since 2003. He represents District 28, which is located in Charles County and contains the Maryland side of the Harry W. Nice Memorial Bridge.

### **Heroes Highway Dedication Process**

Chapters 52 and 53 of 2015 (the Hero’s Highway Act) required MDOT to establish a process that allows a member of the General Assembly, another elected official, or any member of the general public to request that MDOT dedicate a bridge or other appropriate structure to (1) a deceased member of the U.S. Armed Forces whose surviving spouse, parent, or next of kin is a recipient of the U.S. Department of Defense Gold Star memorializing that the member was killed in action or (2) a firefighter, a law enforcement officer, or another emergency responder who died in the line of duty. *House Bill 9 (passed)* alters this process so that a deceased member of the U.S. Armed Forces is only eligible to be considered for dedication if their home of record was in Maryland.

### **Rest Areas and Welcome Centers**

SHA is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barriers. SHA also operates and maintains a number of rest areas and welcome centers along State highways. *Senate Bill 24/House Bill 54 (both passed)* authorize SHA to sell or lease the naming rights for rest areas or welcome centers within State highway rights-of-way to a private entity, if doing so is consistent with federal regulations governing the distribution of federal highway funds to the State. The bills also establish conditions and requirements related to the naming of the facilities.

### **Miscellaneous Transportation Measures**

#### **Taxicabs at BWI Marshall Airport**

MAA operates, maintains, and develops Baltimore-Washington International (BWI) Thurgood Marshall Airport (a State-owned airport) as a major center of commercial air carrier service in the State. MAA regulations govern the taxicabs that transport people to and from the airport and differentiate between airport taxicabs (which are those contracted with MAA to perform taxicab services) and nonairport taxicabs (which are not contracted with MAA). *House Bill 137 (passed)* generally codifies MAA’s existing regulations that govern taxicabs and prohibit nonairport taxicabs from soliciting passengers at the airport. The bill does not, however, include or codify incarceration penalties that are in the regulations.

#### **Private Transportation Projects**

*House Bill 548 (passed)* prohibits a privately owned transportation project in the State that includes the construction of one or more tunnels with a diameter of six feet or greater that will be primarily used by a common carrier from being constructed, and prohibits the State from authorizing the use of or access to a State-owned right-of-way or State property for those projects,

unless (1) an environmental impact statement or environmental effects report is prepared for the project, as appropriate, and (2) the project is approved by MDOT. The bill will likely affect the hyperloop and magnetic levitation projects currently under development.

### **Coastal Flooding Construction**

*Senate Bill 1006/House Bill 1350 (both passed)* generally expand the applicability of the Coast Smart siting and design criteria established by the Coast Smart Council to apply to State and local projects for which at least 50% of the project costs are funded with State funds, including the construction and reconstruction of highway facilities, with specified exceptions. 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*.

## **Motor Vehicles**

### **Licensing and Registration**

#### **Learner’s Permits**

*Senate Bill 424/House Bill 394 (both passed)* reduce the period of time, from nine months to three months, during which specified adults younger than age 25 who hold a learner’s instructional permit must wait before taking a driver skills examination or driver road examination for a provisional license. This waiting period, however, is not reduced for learner’s instructional permit holders who have been convicted of, or granted probation before judgment for, a moving violation.

#### **Title Service Agents**

State law defines a “title service agent” as any person in the business of transporting to and from the Motor Vehicle Administration (MVA) certificates of title, registrations, drivers’ licenses, certified copies of records, and other related documents. MVA oversees the licensing process for title service agents. *House Bill 1065 (passed)* authorizes a title service agent that collects and remits vehicle excise taxes on behalf of MVA to keep the lesser of \$12 per vehicle or 0.6% of the gross excise tax that the title service agent collects. The bill also establishes documentation and recordkeeping requirements and requires title service agents to allow MVA representatives and police officers full access to documents and records during business hours. In addition, the bill establishes a process for assessing penalties against title service agents who fail to comply with the bill’s requirements. The authorizations and requirements under the bill mirror those that apply to vehicle dealers that collect and remit vehicle excise taxes on behalf of MVA. Finally, the surety bond requirement for title service agents is increased from \$25,000 to \$50,000.

#### **Vehicle Dealers – Consumer Data Protection**

A motor vehicle manufacturer, distributor, or factory branch must be licensed by MVA in order to transfer new vehicles and conduct business in new vehicles in Maryland. Likewise, a

person may not conduct the business of a vehicle dealer unless licensed by MVA. *House Bill 1104 (passed)* establishes consumer data protection standards for data collected by a vehicle dealer and subsequently provided to a vehicle manufacturer, distributor, or factory branch, or its agent. The bill also prohibits a vehicle manufacturer, distributor, or factory branch, or its agent, from imposing specified data-sharing requirements on dealers.

### **Exemptions from Vehicle Registration Fees**

The contribution of the U.S. Armed Forces is recognized through several provisions within the Maryland Vehicle Law. The law includes exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans' organizations. MVA is also required to offer special registration plates for honorably discharged veterans; recipients of individually earned, combat-related, U.S. Armed Forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the U.S. Armed Forces who was killed in combat.

*Disabled Veterans: Senate Bill 362 (passed)* expands the exemption from vehicle registration fees for vehicles owned and personally used by certain disabled veterans to apply to leased vehicles. To qualify for the registration fee exemption, the disabled veteran must (1) be designated or classified by the Veterans' Administration as either totally disabled or as having lost the use of a hand, arm, or leg or (2) have a permanent impairment of both eyes that meets specified criteria.

*Surviving Spouse of Deceased Disabled Veteran: Senate Bill 626/House Bill 1162 (both passed)* exempt all vehicles owned and personally used by a surviving spouse of a deceased disabled veteran from vehicle registration fees by repealing the requirement that the surviving spouse be at least 65 years old to qualify for the exemption.

### **Disability Parking Placards**

MVA may provide a temporary or standard parking placard to the owner of a vehicle who submits satisfactory proof of specified medical conditions. A certified nurse practitioner or a licensed physician, physician assistant, chiropractor, optometrist, podiatrist, or physical therapist must certify that the vehicle owner has a cardiovascular, lung, ambulatory, visual, or other specified disability in accordance with the Maryland Vehicle Law. A disability parking placard issued to a person with a permanent disability is valid for four years. *Senate Bill 39 (Ch. 41)* authorizes MVA to issue a permanent parking placard, rather than a four-year placard, to an individual with a permanent disability. In addition, the Act authorizes MVA to issue a temporary disability parking placard to an out-of-state resident who is disabled and temporarily living in Maryland under specified circumstances.

### **License Suspension for Child Support Obligor**

*Senate Bill 79 (passed)* requires MVA, on request of the Child Support Administration, to expunge from the driving record of a child support obligor a suspension for failure to pay child support if specified conditions are met. The bill also requires MVA to reinstate an obligor's license

or privilege to drive in specified circumstances, including if the obligor is a participant in full compliance with an approved employment program.

## **Equipment and Inspections**

### **Gross Vehicle Weight Limit Tolerance for Farm Vehicles**

Specified vehicles that are registered as farm vehicles or are carrying farm products are allowed an axle load limit tolerance of 5% from established limits in State law. During harvest seasons for wheat, corn, soybeans, and vegetable crops, the axle load limit tolerance is 15%. *Senate Bill 1069/House Bill 646 (both passed)* establish a 5% gross vehicle weight limit tolerance for vehicles carrying these crops during harvest time in specified circumstances as an alternative to the existing axle load limit tolerance for vehicles during harvest time. The higher gross vehicle weight limit tolerance, however, only applies to a vehicle traveling within 100 miles of the field or other off-highway location where the vehicle was loaded.

## **Rules of the Road**

### **Move Over Law**

The “move over” law in Maryland generally requires a driver approaching from the rear of an emergency vehicle or tow truck to make a lane change into an available lane not immediately adjacent to the emergency vehicle or tow truck if it is stopped, standing, or parked on a highway and displays emergency or caution lights. If the lane change cannot be made, the driver must slow to a reasonable and prudent speed that is safe for existing weather, road, and vehicular or pedestrian traffic conditions. *Senate Bill 445/House Bill 531 (both passed)* apply the “move over” requirement to a stopped, standing, or parked vehicle, displaying emergency or caution lights, that is (1) a commercial vehicle providing emergency maintenance to a disabled vehicle; (2) a service vehicle; or (3) a waste or recycling collection vehicle.

### **Organ Delivery Vehicles**

The driver of an emergency vehicle registered in any state may exercise emergency privileges set forth in the Maryland vehicle law while operating the vehicle under specified emergency circumstances. *Senate Bill 475/House Bill 106 (both passed)* authorize MVA to designate an “organ delivery vehicle” that is used or maintained to transport organs or organ recovery or transplant medical personnel on an emergency basis as an emergency vehicle if it meets specified vehicle registration requirements. A person may not exercise emergency privileges in an organ delivery vehicle unless the person meets specified operator certification requirements.

### **Plug-in Electric Drive Vehicles**

Plug-in electric drive vehicles are authorized to use all high-occupancy vehicle (HOV) lanes in Maryland regardless of the number of passengers and qualified hybrid vehicles are similarly authorized to use the HOV lane along the portion of U.S. Route 50 between

Interstate 95/Interstate 495 and U.S. Route 301 regardless of the number of passengers. Chapter 734 of 2016 established a termination date of September 30, 2018, for both privileges. *Senate Bill 751/House Bill 714 (both passed)* extend the termination date to September 30, 2022.

### **Tolls and Toll-related Fines**

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA is governed by a board of nine individuals appointed by the Governor, with the advice and consent of the Senate. The Secretary of Transportation serves as the MDTA board's chairman.

MDTA has the authority to set tolls on transportation facility projects under its supervision. A motor vehicle incurs a video toll when the vehicle passes through an MDTA toll facility but does not pay the toll using cash or E-ZPass. If a video toll is not paid by the required deadline, certain civil penalties are assessed against the violator. The Central Collection Unit (CCU) in the Department of Budget and Management is responsible for collecting any delinquent toll debts owed to the State that are referred to it by MDTA. *Senate Bill 973 (passed)* authorizes MDTA to recall a delinquent account from CCU if (1) the account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the video tolls in question were assessed within a 30-day period; and (3) mitigating factors exist with respect to the tolls and penalties, as determined by MDTA. MDTA may waive any toll debt owed to it, including any debt recalled from CCU.

### **Miscellaneous**

#### **Failure to Pay Traffic Fines**

Generally, a person must comply with a traffic citation by appearing in person or paying the applicable fine. If a person fined under the Maryland Vehicle Law (or under a federal traffic law or regulation for a violation occurring in Maryland) does not pay the fine as directed, the court may report the failure to pay to MVA. After providing the person with 10 days advance written notice, MVA may suspend the driving privilege or license of the person until the fine has been paid. *House Bill 1448 (passed)* allows the District Court or a circuit court to authorize the clerk of the court to approve an individual installment plan agreement for a defendant whose driver's license or driving privilege is or may be suspended for failure to pay a fine for one or more traffic offenses, including one or more citations for a violation of specified parking ordinances. A defendant who is sentenced to pay one or more fines that total at least \$300 and certifies inability to pay the fine or fines may apply to the clerk of the court to make installment payments.

#### **Peer-to-peer Car Sharing**

Peer-to-peer car sharing programs are becoming more popular in the State as an alternative to traditional vehicle rentals. Peer-to-peer car sharing programs allow a private vehicle owner to share the vehicle for profit with another person through an online platform. *Senate Bill 743 (passed)* establishes a regulatory framework for peer-to-peer car sharing in the State. For a more

detailed discussion of *Senate Bill 743*, see the subpart “Insurance – Other Than Health Insurance” within Part H – Business and Economic Issues of this *90 Day Report*.

## **Part H**

### **Business and Economic Issues**

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#### **Business Occupations**

##### **Certificate and License Application Denial Based on Criminal History**

*House Bill 1597 (passed)* requires six Executive Branch agencies to report to the Governor and the General Assembly by October 1, 2018, on (1) the number of applications for an occupational license or certificate received during the preceding five years; (2) the number of applications received in which the applicant had a specified criminal record; (3) for applications reflecting a criminal record, the amount of time since the criminal conviction and the number of applications that were denied due to a criminal history; and (4) the specific reason why the applications were denied. For more information on this bill, see the subpart “Criminal Procedure” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

#### **Attorneys**

The State Board of Law Examiners is a seven-member board appointed by the Court of Appeals. The board administers the Maryland Bar examination; investigates the legal competence, character, and fitness of persons who seek a license to practice law in Maryland State courts; and recommends to the Court of Appeals candidates who are qualified for admission to the Maryland Bar. *House Bill 97 (passed)* extends the termination date for the State Board of Law Examiners by 10 years to July 1, 2030, and requires the Department of Legislative Services to conduct a preliminary evaluation of the board by December 15, 2027.

#### **Design Professionals**

##### **Architects and Professional Land Surveyors**

In order to serve on the State Board of Architects or the State Board for Professional Land Surveyors, a licensee must meet specified qualification standards. *Senate Bill 77/House Bill 188 (Chs. 46 and 45)* alter these qualification standards by establishing that at least three of the five architect members on the State Board of Architects must have graduated from an accredited

architecture program rather than an accredited architecture school. According to the Department of Labor, Licensing, and Regulation, the accrediting body no longer accredits schools but, rather, programs. The Acts also expand the qualifications for the position on the State Board for Professional Land Surveyors designated for a property line surveyor to allow the member to be either a property line surveyor or a professional land surveyor. Although the General Assembly eliminated the property line surveyor licensing classification effective July 1, 1990, those holding a license at that time have been allowed to renew. Absent this enacted legislation to modify those qualification standards for both boards, future vacancies could have remained unfilled as the number of licensees eligible for appointment dwindles.

### **Professional Engineers**

An applicant seeking a license to practice engineering may undertake one of three pathways to earn the credential. Two of the pathways require an applicant to pass the Fundamentals of Engineering examination. An individual may apply to the State Board for Professional Engineers to take the Fundamentals of Engineering examination before the individual completes other specified education and experience requirements for licensure as a professional engineer. To be eligible to do so, the applicant must either have graduated from an approved college or university or be within six months of graduating. *Senate Bill 106/House Bill 201 (Chs. 48 and 47)* allow an individual to apply for and take the examination at any time prior to completing other education and experience requirements for licensure as a professional engineer. The Acts also eliminate references to an application fee for the examination, which the Department of Labor, Licensing, and Regulation does not presently charge.

### **Plumbers**

Generally, plumbing fixtures, or other plumbing devices, must meet standards established in the State Plumbing Code or any applicable local plumbing code. A person may not sell or install a fixture or other device that does not limit water consumption in accordance with the standards adopted by the State Board of Plumbing. A violation is a misdemeanor that is subject to a maximum penalty of a \$100 fine and/or six months imprisonment for each day or part of each day that the violation continues. In addition to this or any other penalty in the Maryland Plumbing Act, the board may impose a civil penalty of up to \$5,000 for each violation of that Act. *House Bill 67 (passed)* excludes violations related to the prohibited sale or installation of a device that is not water conserving from existing criminal penalties in the Maryland Plumbing Act. The civil penalty continues to apply.

### **Real Estate Professionals**

#### **Real Estate Appraisers**

*Payment by Appraisal Management Company:* Chapters 269 and 270 of 2011 established various regulatory requirements pertaining to the provision of appraisal management services in the State and required an appraisal management company (AMC) to register with the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors.

**House Bill 64 (passed)** reduces the number of days – from 60 to 45 – that an AMC has to pay an appraiser a reasonable and customary fee after the appraiser provides an initial completed appraisal or valuation study. The bill also authorizes the commission to bring a disciplinary action against an AMC for failure to pay an appraiser within the required timeframe.

**Commission Membership:** The 15-member commission has four licensed home inspector members. One must be a member of the American Society of Home Inspectors, and one must be a member of the National Association of Home Inspectors (an organization which no longer exists). The other two do not need to be affiliated with or members of any society or association. There is no minimum experience requirement for any of the four. **Senate Bill 64/House Bill 200 (both passed)** remove the requirement that two of the four licensed home inspectors on the commission be members of the specified professional organizations and instead require that all four members have held home inspector licenses in the State for at least five years.

### **Real Estate Brokers**

**Business Succession in Event of Disability:** Generally, an individual must be licensed by the State Real Estate Commission as a real estate broker before the individual may provide real estate brokerage services in the State. Subject to specified requirements, on the death of a licensed real estate broker, any adult member of the deceased broker's family may carry on the business of the deceased broker under the broker's license for up to six months for the purposes of closing and terminating the business. **Senate Bill 846/House Bill 1482 (Chs. 77 and 78)** similarly allow an adult family member of a disabled real estate broker to temporarily carry on the broker's business for purposes of closing and terminating the business. The Acts apply to a total and permanent disability that renders a broker unable to perform real estate brokerage services.

**Real Estate Guaranty Fund:** The commission maintains the Real Estate Guaranty Fund to compensate persons for actual losses based on an act or omission that occurs in the provision of real estate brokerage services by licensees or the unlicensed employees of real estate brokers. Applicants must pay a one-time guaranty fund fee of \$20 upon initial licensure with the commission. If the amount in the guaranty fund falls below \$250,000, the commission is required to assess each licensee a fee in an amount that will restore the fund balance to that level. **Senate Bill 843/House Bill 1656 (Chs. 75 and 76)** establish a separate mechanism for managing the guaranty fund balance by authorizing the commission to transfer up to \$500,000 from the Real Estate Commission Fund to the Real Estate Guaranty Fund if (1) the commission is projected to have at least a \$500,000 operating surplus and (2) the amount in the guaranty fund is less than \$300,000.

### **Tax Preparers**

Unless otherwise exempt, an individual must register with the State Board of Individual Tax Preparers before providing, attempting to provide, or offering to provide individual tax preparation services in the State. An individual serving as an employee or assistant to a registered individual tax preparer or another exempt individual (generally, a licensed accountant or an attorney admitted to the bar) is exempt from the registration requirement. **House Bill 194 (Ch. 49)**

specifies that this particular exemption from registration as an individual tax preparer does not apply to an individual who signs a tax return as the preparer. Thus, such an individual may continue to assist in providing tax preparation services, but the registered tax preparer (or other authorized exempt individual) must sign all tax returns.

## **Business Regulation**

### **Charitable Organizations**

Generally, a charitable organization must file an annual report with the Secretary of State within six months of the end of the organization's fiscal year. Failure to do so results in a fine of \$25 for each month or part thereof after the report was due. Revenues from late fees accrue to the general fund. *Senate Bill 86 (passed)* instead requires revenues from charitable organization late fees to be distributed to the Charitable Enforcement Fund, which supports the actions of the Secretary of State and the Attorney General in administering and enforcing laws related to charitable giving and charitable assets.

### **Electronic Nicotine Delivery Systems**

Chapter 814 of 2017 established a licensing and regulatory framework for the manufacture, wholesale distribution, and retail sale of electronic nicotine delivery systems (ENDS) (*i.e.*, e-cigarettes, other similar devices, and their components). A person with a tobacco-related license is authorized to manufacture, distribute, or sell ENDS in the same capacity as the person is licensed for tobacco and does not need a separate ENDS license. Three ENDS licenses authorize the sale of ENDS to consumers under specified circumstances: manufacturer, retailer, and vape shop vendor. However, only the manufacturer license explicitly authorizes the sale of ENDS to consumers through the mail or an electronic network. Further, an ENDS wholesaler distributor or importer license does not authorize the sale of ENDS to a vape shop vendor – only to another ENDS wholesaler or an ENDS retailer. Likewise, a vape shop vendor license does not authorize the purchase of ENDS from an ENDS wholesaler – only from an ENDS manufacturer. *Senate Bill 90/House Bill 47 (both passed)* repeal a specific prohibition against the sale of ENDS by an ENDS retailer to a consumer through the mail or an electronic network. The bills also allow an ENDS wholesaler distributor or importer to sell ENDS to a vape shop vendor, allow a vape shop vendor to buy ENDS from a wholesaler distributor or importer, and repeal an outdated reference to an ENDS storage warehouse.

*House Bill 1094 (passed)* further regulates the sale of ENDS by establishing the distribution of ENDS to a minor as a misdemeanor, subjecting a minor in possession of ENDS to civil penalties, and increasing civil penalties for subsequent civil violations, among other changes. For more information on this bill, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *90 Day Report*.

## Elevators

*House Bill 1107 (passed)* privatizes the annual and five-year inspection process for all public and private elevator units in the State on a phased-in basis by October 1, 2020. The bill further requires the third-party qualified elevator inspector to be physically present to witness the licensed elevator mechanic perform the tests as part of the inspection process. The third-party qualified elevator inspector, the owner, or the owner’s agent must contact the elevator contracting company and adhere to specified scheduling guidelines to coordinate an inspection. A State inspector oversees all third-party qualified elevator inspectors and retains authority over final acceptance of new construction, modernization, and service upgrade turnovers of elevators.

If the Commissioner of Labor and Industry determines that the number of third-party qualified elevator inspectors is insufficient to inspect all public elevator units, State inspectors may assist third-party qualified elevator inspectors in performing the inspections. The Department of Labor, Licensing, and Regulation is required to establish and administer an apprenticeship program for third-party qualified elevator inspectors. For more information on the provisions of this bill, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

## Limited Residential Lodging

There is no statewide law regulating limited residential lodging offered to the public through hosting platforms like Airbnb and VRBO. At the local level, a limited number of jurisdictions regulate similar types of short-term residential transactions, primarily through licensing. *Senate Bill 1081 (failed)* and *House Bill 1604 (failed)* would have incorporated “limited residential lodging” into the existing regulatory framework for other lodging establishments by requiring these entities to follow laws on licensure, taxation, building codes, and antidiscrimination. The bills would have prohibited an innkeeper from using a hosting platform to offer a limited residential lodging unit to the public unless (1) the innkeeper was licensed by the Comptroller under Title 11, Subtitle 7 of the Tax-General Article and (2) the use of the limited residential lodging unit for limited residential lodging was in accordance with the applicable laws of the local jurisdiction in which the limited residential lodging unit is located. The bills would have required a hosting platform operator participating in or facilitating booking transactions of a limited residential lodging unit to (1) be licensed by the Comptroller and (2) be registered and in good standing with the State Department of Assessments and Taxations. Furthermore, the bills would have prohibited a hosting platform operator from facilitating a booking transaction for a limited residential lodging unit if (1) the innkeeper was not licensed by the Comptroller or (2) the hosting platform had received notice that the limited residential lodging unit was in violation of a zoning law or other local law. The bills would have established penalties for violations by innkeepers and hosting platform operators.

## Micro Markets

Micro markets represent a new retail food and beverage concept that blends traditional vending, freshly prepared foods, and beverages. The Maryland Department of Health regulates

micro markets as “food service facilities,” requiring, among other things, that an attendant be present during the hours of operation. *Senate Bill 758/House Bill 1087 (both passed)* establish a micro market license and define a “micro market” as an unstaffed, self-checkout, retail food service facility that (1) includes one or more micro market displays, as defined under the bills; (2) has an automated payment kiosk or other device designed to accept electronic payments that is operated by the consumer; (3) is located indoors and within a separate business; and (4) is generally accessible only to individuals within the building in which the food service facility is located. Notwithstanding other provisions of law, the owner or operator of a micro market may not be required to have a person in charge present during the market’s hours of operation if the micro market meets specified requirements. The Comptroller must develop the license application (for use by clerks of the circuit court) and may, along with other regulatory or law enforcement agencies, request video surveillance recordings, if a license holder chooses to secure the premises in that manner. A person who is convicted of operating a micro market without a license is guilty of a misdemeanor and subject to a fine of up to \$5,000 or imprisonment for up to six months or both. Existing requirements and enforcement mechanisms for operating a “food service facility” regulated by the Maryland Department of Health also apply, including inspections at any reasonable time and suspension or revocation of a license if a licensee does not correct issues in the required timeframe.

## **Retail Pet Stores**

The sale of cats and dogs by retail pet stores is subject to specified requirements. For example, a retail pet store is prohibited from offering a cat or dog for sale unless the cat or dog is obtained from (1) an animal welfare organization; (2) an animal control unit; or (3) the original breeder, under specified circumstances. *House Bill 1662 (passed)* alters the regulatory framework by repealing existing requirements and prohibiting a retail pet store from offering for sale or otherwise transferring or disposing of cats or dogs effective January 1, 2020. The bill may not be construed to prohibit a retail pet store from collaborating with an animal welfare organization or animal control unit to offer space for showcasing cats or dogs for adoption. The bill specifies that the General Assembly intends for animal welfare organizations to initiate contact with affected retail pet stores to facilitate collaboration for (1) the adoption of cats and dogs from animal control units or animal welfare organizations or (2) the purchase of cats and dogs from local breeders.

## **Security Systems and Alarm Systems**

### **Wireless Security Systems**

Generally, a person may not engage, or solicit to engage, in the business of providing security systems services in the State unless the person obtains a license from the Department of State Police and meets specified requirements. Similarly, an individual may not personally provide security systems services unless the individual is registered as a security systems technician. Counties may require alarm systems to meet certain international fire and building standards, and they may also require that such systems be registered. *Senate Bill 662/House Bill 645 (both passed)* prohibit a local government from requiring an electrical license or an electrical permit to install, maintain, inspect, replace, or service specified low-voltage, wireless security

systems. The prohibition only applies if the wireless security system is 50 volts or less, is not hardwired, and does not require the submission of a fire protection plan review. A local government may require a person to comply with a local alarm ordinance or to obtain an alarm business registration, alarm system registration, or permit under specified circumstances but *cannot* require the person to obtain an electrical permit. Wireless security systems are not exempt from existing State licensing requirements and must comply with any State or local building codes.

### **Alarm Systems**

Several counties have alarm or false alarm provisions in their local codes. State statute only addresses the regulation of alarm systems in Calvert, Frederick, and Washington counties by explicitly authorizing those counties to adopt regulations for the regulation of alarm systems and to impose fines for violations. *Senate Bill 927/House Bill 1117 (both passed)* standardize the circumstances under which a county or municipality may impose a penalty against an alarm system contractor for failure to register an alarm system or renew a registration of an alarm system. The bills specify that a county or municipality may only impose a penalty for failure to register an alarm system if (1) the alarm system contractor requested a dispatch to an alarm user and (2) the alarm system contractor failed to register the alarm system. A county or municipality may only impose a penalty against an alarm system contractor for failure to renew a registration of an alarm system if (1) the alarm system contractor requested dispatch; (2) the alarm system contractor did not renew the alarm system's registration; and (3) the county or municipality provided the alarm system contractor notice that the registration had expired, the alarm system user or alarm system contractor did not renew the registration, or the registration has been suspended.

### **Vehicle Dealers**

Generally, except in Howard, Montgomery, and Prince George's counties, a new or used automobile dealer may not sell, barter, deliver, give away, show, or offer for sale a motor vehicle or certificate of title for a motor vehicle on a Sunday. However, in Anne Arundel and Worcester counties, Sunday sales of motorcycles are permitted. Also, the Charles County Commissioners may adopt an ordinance allowing Sunday sales for any motor vehicles, and in Baltimore City, a used car dealer can choose to sell motor vehicles on either Saturdays or Sundays. *Senate Bill 355/House Bill 1586 (Chs. 87 and 88)* authorize a vehicle dealer in Wicomico County to offer for sale, sell, barter, deliver, give away, or show a motorcycle or certificate of title for a motorcycle on Sundays. The existing prohibition against Sunday sales for other motor vehicles in the county is otherwise unchanged.

## **Public Service Companies**

### **Electric Project Siting**

The licensing of new electric power plants in the State is a comprehensive two-part process involving the Public Service Commission (PSC) and several other State agencies. Generally, a person may not begin construction in the State of a generating station of more than two megawatts,

an overhead transmission line, or a qualified generator lead line unless the person first obtains a certificate of public convenience and necessity (CPCN) from PSC. The application process involves notifying specified stakeholders, public hearings, and the consideration of recommendations by State and local government entities and the project's effect on various aspects of the State's infrastructure, economy, and environment. Several bills during the 2018 legislative session addressed the CPCN application process and related requirements, with particular emphasis on overhead transmission lines.

**House Bill 784 (passed)** requires PSC to provide notice of a CPCN application on its social media platforms and website. For the construction of an overhead transmission line, PSC must require the CPCN applicant to identify whether the line is proposed to be constructed on (1) an existing brownfields site, as defined; (2) property subject to an existing easement; or (3) a site where a tower structure or components of a tower structure used to support an overhead transmission line already exist.

**House Bill 869 (passed)** establishes additional notification requirements under the CPCN process for the construction of transmission lines. At least 30 days before a hearing, a public service company must provide written notice, by certified mail, to each owner of land adjacent to the site of a proposed line or similar transmission device. Generally, on receipt of a CPCN application, PSC – or the CPCN applicant, if required by PSC – must notify each landowner and adjacent landowner of the proposed overhead transmission line.

**House Bill 1126 (passed)** requires PSC to consider, for an application for a CPCN for a proposed overhead transmission line, the alternative routes that the CPCN applicant considered, including the estimated capital and operating costs of each alternative route, and a statement of the reason why the alternative route was rejected. The bill also clarifies that PSC must consider, when applicable, the effect on air quality, rather than air pollution, of a proposed project during the CPCN process.

In addition to notifications during the project application phase, CPCNs typically require a project owner to provide notice of all related requirements to a new owner and notify relevant State agencies when a project is transferred or sold. However, many solar facilities are exempt from the CPCN requirement under current law. **House Bill 1573 (passed)** requires the owner of a commercial solar facility with a capacity of more than two megawatts to provide notice within 30 days after the facility's sale or transfer to (1) PSC and (2) the county where the facility is located. The notice must include specified contact information for the new owner. This information assists in the enforcement of screening and maintenance requirements for the project.

## **Utility Metering and Billing**

Master metering typically involves measuring actual energy usage, with a submeter, and billing for that exact amount. If utility service is billed by a master meter in condominiums, the single master meter bill may be due, but one or more occupancy units may have not paid. A recent case involving such a situation led to the eviction of residents at Lynnhill Condominiums in Prince George's County after the condominium association failed to pay utility bills.

**House Bill 1491 (passed)** repeals the authority of PSC to allow the use of a master meter without submeters in a residential multiple occupancy building. PSC must conduct a study on the feasibility of transitioning master meters without submeters to energy allocation systems or submeters in apartment buildings or complexes, condominiums, and housing cooperatives. By January 15, 2019, PSC must report its findings to the General Assembly.

**House Bill 218 (Ch. 128)** prohibits, in Prince George’s County only, PSC or the Washington Suburban Sanitary Commission from authorizing the use of a master meter in certain circumstances. The Act also establishes the Task Force on the Use of Master Meters for Utility Services in Prince George’s County to study and make recommendations on related issues. By December 31, 2018, the task force must report its findings and recommendations to the Governor and the members of the Prince George’s County Delegation.

### **Renewable Energy and Energy Efficiency**

PSC must report to the General Assembly by February 1 each year on the status of implementation of the State Renewable Energy Portfolio Standard (RPS). The report is a comprehensive overview of the program and is the basis for much of the additional analysis that occurs on the State RPS. **Senate Bill 433 (passed)** moves up the date by which PSC must submit the report by two months, to December 1, which allows the most recent information to be available before the start of the legislative session.

The Electric Universal Service Program (EUSP), which the Department of Human Services (DHS) administers, provides bill assistance, low-income residential weatherization, and bill arrearage retirements for low-income electric customers. EUSP is funded in part by a surcharge collected from electric customers’ bills. The total amount of funds to be collected from customers each year is \$37.0 million; however, it is difficult to set a surcharge that collects exactly that amount. Often, the amount collected exceeds \$37.0 million, which over time, builds up a fund balance.

During the 2017 session, Chapter 777 was enacted to require DHS to expend certain accumulated unexpended EUSP funds for program purposes. **Senate Bill 1117/House Bill 1528 (both passed)** authorize DHS to use a portion of those identified unexpended EUSP bill assistance and arrearage funds to establish an arrearage prevention program. The purpose of the program is to prevent or reduce arrearages for low-income customers who have participated in a low-income residential weatherization program, through further property improvements. DHS, in consultation with PSC, must select up to two public or private entities as program recipients to administer the program. A program recipient must, among other requirements, demonstrate significant efforts to secure additional private investment in rooftop solar installation, including the use of program money for credit enhancement, direct project support, or support for program recipients and customers.

## Water and Sewer

There are several hundred community water systems and sewage disposal systems in the State. The majority of these systems are owned by local governments. Their supply, infrastructure, and rates are not regulated by PSC, which only regulates 22 small private water and sewage disposal companies. PSC does review and authorize new franchises for water companies, new construction, and the consolidation of water systems.

Over time, water and sewer disposal companies may require significant investment in replacing or upgrading service equipment. Generally, any such investment for a given system must be paid for by the users of that system. *Senate Bill 337/House Bill 528 (both passed)* allow PSC, after providing notice and holding both a public hearing and an evidentiary hearing, to authorize a rate consolidation for two or more water or sewage disposal companies, even if the systems are not physically connected. The companies must have common ownership, and the rate consolidation must be in the public interest. *Senate Bill 854/House Bill 1566 (both passed)* establish processes and related requirements for the sale and acquisition of a water or sewage disposal service provider with fewer than 400,000 customers for the purpose of converting the provider into a private company. PSC may authorize the acquisition if it finds that it is consistent with the public convenience and necessity.

## For-hire Transportation

PSC licenses transportation network companies and transportation network operators (TNOs, *e.g.*, Uber drivers). As part of the application process to become a licensed TNO, specified information must be submitted to PSC, including a criminal history records check and a driving record check; however, PSC may not disclose the records or information to any person unless (1) the disclosure is required by court order or order of the Maryland Tax Court or (2) the disclosure is requested by the Comptroller for specified enforcement purposes. Separately, DHS may request from a licensing authority, including PSC, information related to obligors in arrears in paying child support. *Senate Bill 97 (Ch. 51)* authorizes PSC to disclose the records or information related to TNOs if the disclosure is made for child support enforcement purposes.

## Rural Broadband

The lack of reliable and affordable broadband Internet in rural areas of the State has been an issue considered by the General Assembly for many years. Chapters 620 and 621 of 2017 established the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service to study and make recommendations regarding how certain rural counties can work together to obtain federal assistance to improve these services and access to them in those counties. The task force's January 2018 report recommended extending the task force for one year to develop financing models and identify other funding sources that may be available to implement rural broadband. *Senate Bill 968/House Bill 243 (both passed)* expand the responsibilities of the task force to include all rural areas in the State and extends the task force by one year.

**House Bill 961** (*passed*) expands the circumstances under which nonprofit telecommunications services providers may install broadband communication infrastructure in rural and underserved areas of the State without the imposition of a usage charge. The bill also requires the Department of Housing and Community Development (DHCD) to complete an inventory of all State and local government assets that can be used to assist with the expansion of broadband service to unserved and underserved rural areas of Maryland by June 1, 2020. DHCD must use the inventory to create a map with specified information and make both the inventory and map available on request. Finally, the bill permanently continues the Maryland Rural Broadband Coordination Board and the Rural Broadband Assistance Fund beyond June 30, 2020.

## **Insurance Other Than Health Insurance**

### **Insurers**

#### **Education, Promotional, and Other Materials**

Insurers in the State are generally prohibited from paying, allowing, or giving out certain valuable considerations in order to induce an applicant into purchasing an insurance policy or annuity. Insurers are, however, authorized to offer, promise, and give out educational materials, promotional materials, and articles of merchandise if the cost of the education materials, promotional materials, or articles of merchandise is no more than \$25. Since the price of typical giveaway materials and articles of merchandise has increased, **Senate Bill 673/House Bill 1083** (*both passed*) increase the maximum value of educational materials, promotional materials, or articles of merchandise that can be offered and given out by insurers, regardless of whether a policy is purchased, to \$50. A person may not make receipt of any educational materials, promotional materials, or article of merchandise contingent on the sale or purchase of insurance.

#### **Antifraud Plans**

Authorized insurers, nonprofit health service plans, and health maintenance organizations must create and file with the Insurance Commissioner an insurance antifraud plan that includes specific procedures to prevent and report insurance fraud and facilitate prosecution of insurance fraud cases. It is considered a violation of the Insurance Article if an insurer fails to file an antifraud plan, file a revised plan when the initial plan is disapproved by the Commissioner, or comply with its own antifraud plan. **Senate Bill 59 (Ch. 42)** limits the applicability of the requirement that authorized insurers institute, maintain, and file an antifraud plan to only to those insurers that have in force policies or certificates of insurance in the State. An insurer that is authorized to issue and deliver policies or certificates in the State, but has not done so, is no longer required to have an antifraud plan.

#### **Exempt Commercial Policyholders**

**Eligibility and Filing Requirements:** An insurer is authorized to pay commissions or other compensation to licensed insurance producers. An “exempt commercial policyholder” means a

person that pays at least \$25,000 in annual aggregate property and casualty premiums for commercial insurance policies in the State and meets other specified criteria.

Under State law, each insurer in the State must file with the Insurance Commissioner all rates, supplementary rate information, policy forms, and endorsements as well as all modifications of rates, supplementary rate information, policy forms, and endorsements that the insurer proposes to use. However, for a commercial insurance policy that is issued to an exempt commercial policyholder, an insurer is not required to file with the Commissioner its policy forms and endorsements but the insurer still must file its rates and supplementary rate information. *Senate Bill 876/House Bill 1127 (both passed)* alter the filing requirements so that both the rate and supplementary rate information file requirements that generally apply to insurance policies do not apply to insurance policies issued to an exempt commercial policyholder. Additionally, the bills alter the eligibility requirements for a person to be considered an exempt commercial policyholder and repeals the requirement that an exempt commercial policyholder certify its status to the Commissioner.

**Commission Expense Reduction Plans:** A commission expense reduction plan gives an insurance producer the discretion to lower the insurance producer's commission in order to lower an insured's premium payment. *Senate Bill 792/House Bill 1078 (both passed)* authorize a commercial insurer to pay commissions, commonly referred to as a commission expense reduction plan, to a licensed insurance producer on a variable basis on policies issued to a qualified exempt commercial policyholder if the payment of the commission to the insurance producer results in a lower total cost of the policy to the policyholder and the insurance producer receiving the commission has agreed to the specific level of commission to be paid on the policy.

### **Risk Retention Groups**

A risk retention group is a corporation or limited liability association that has as its primary activity the assuming and spreading all or part of the liability exposure of its group members. As a liability insurance company, the risk retention group is owned by those that it insures and a person who purchases insurance from the risk retention group is also purchasing an ownership share in the risk retention group. Risk retention group insurers were created by the federal Product Liability Risk Retention Act of 1981 to allow a form of "self-insurance" for businesses that found it difficult to obtain traditional insurance. The Act was broadened to include commercial liability under the Liability Risk Retention Act of 1986. The National Association of Insurance Commissioners adopted changes to the Model Risk Retention Act in 2011.

*Senate Bill 78 (passed)* adopts the changes to the Model Risk Retention Act developed by the National Association of Insurance Commissioners. Specifically, the bill:

- enhances the regulatory framework that governs the formation and operation of risk retention groups chartered in the State, including establishing additional governance standards for risk retention groups, financial and legal audit requirements, and ethics requirements for risk retention group directors, officers, and employees;

- specifies the persons and individuals that are considered service providers;
- prohibits a risk retention group from entering into a service provider contract that involves a material relationship unless the risk retention group notifies the Commissioner at least 30 days in advance and the Commissioner does not disapprove the transaction;
- establishes new requirements and limitations for material service provider contracts; and
- increases the timeframe for a risk retention group chartered outside of the State to submit a copy of any material revision to its plan of operation or feasibility study to the Commissioner.

## **Property and Casualty Insurance**

### **Motor Vehicle Insurance**

***Uninsured Drivers:*** Maryland law requires an owner of a motor vehicle to register the vehicle in the State and to maintain insurance for the vehicle during the vehicle's registration period. The current rate of uninsured motorists in Maryland is approximately 12%. Chapters 446 and 447 of 2016 established the Program to Incentivize and Enable Uninsured Vehicle Owners to Be Insured. The program was established to reduce the rate of uninsured motorists in the State by providing incentives and enabling uninsured vehicle owners to become eligible to register a vehicle in the State after paying a reduced uninsured vehicle penalty on penalties that became delinquent on or before January 1, 2014. The program, which ended in 2017, was administered by the Motor Vehicle Administration (MVA). The Chapters 226 and 227 also established the Uninsured Motorist Education and Enforcement Fund. The revenues from the fund must be used to educate drivers and the public about security requirements of the Maryland Vehicle Law and the sources of automobile insurance in the State.

***Senate Bill 856/House Bill 1161 (both passed)*** reestablish the program with the same name and a similar purpose, eligibility qualifications, and other requirements but require the Uninsured Division of the Maryland Automobile Insurance Fund (MAIF) to administer the program. The bills authorize the program to last up to 180 calendar days and require the program to begin not earlier than July 1, 2018, and end not later than December 31, 2019. MVA and the Central Collections Unit must provide MAIF with contact information and the total amount of delinquent uninsured vehicle penalties of each individual who may be eligible to participate in the program. MAIF must notify individuals who may be eligible with information about the program and where individuals may find contact information for insurers. After notification from MAIF about an eligible individual, MVA must waive 80% of the eligible individual's delinquent uninsured vehicle penalties that became delinquent on or before December 31, 2016. As a condition of receiving this waiver, a participant must meet two conditions. First, the participant must purchase and maintain the required security for the vehicle for a specified amount of time. If a participant does not own a vehicle at the time of the waiver, the participant must maintain the insurance for a specified period of time when the owner subsequently registers a vehicle. Second, a participant

must pay the remaining 20% balance of the delinquent uninsured vehicle penalties owed before the end of the program period.

Within 60 days after the end of the program period, MAIF must report to the Governor and the General Assembly on the results of the program, the demographics of program participants, any analysis or information related to the implementation and effectiveness of the program, and any recommendations to implement other programs aimed at reducing the number of uninsured motorists.

The bills also require MVA to notify MAIF in a certain manner when MVA receives notice that a vehicle has become uninsured. The fund established under Chapters 446 and 447 is reestablished to be administered by MAIF rather than MVA. Revenues from the fund are to be used solely to educate drivers and the public about the security requirements under the Maryland Vehicle Law and the sources of automobile insurance in the State and also to administer the fund. Lastly, the bills require MAIF to meet with specified parties to identify methods or programs that could be effective in reducing the number of uninsured motorists. MAIF must report its findings and recommendations to the Governor and the General Assembly on or before December 1, 2019.

**Commercial Policies:** Under current law, an insurance identification card is valid only for the period for which the motor vehicle liability coverage has been paid by the insured. If the insured is on an insurer-sponsored payment plan or has financed premiums through a premium finance company, the insurance identification card may be issued for a period of 6 months even if the payment by the insured is for a period of less than 6 months. *Senate Bill 1131 (passed)* expressly authorizes a commercial motor vehicle liability insurer to issue an insurance identification card for a period of 12 months if the policy is a 12-month policy and covers three or more vehicles. The insurance card may be issued even if the payment by the insured is for a period of less than 12 months.

**Peer-to-peer Car Sharing:** Peer-to-peer car sharing programs are becoming more popular in the State as an alternative to traditional vehicle rentals. Similar to how Airbnb allows a person to rent out a home or offer lodging on a temporary basis directly to customers using the Airbnb program, peer-to-peer car sharing programs allow a vehicle owner to share a private vehicle with another person through an online platform. The financial transaction for the car sharing takes place between the vehicle owner and the vehicle driver with the peer-to-peer car sharing program acting as a broker, which guarantees some level of protection for, and good faith between, the vehicle owner and the vehicle driver.

*Senate Bill 743 (passed)* establishes a regulatory framework for peer-to-peer car sharing in the State, including insurance requirements. Many provisions are similar to those applicable to rental car companies. Specifically, the bill:

- requires a peer-to-peer car sharing program to hold a limited lines license from the Maryland Insurance Administration to sell insurance in connection with, and incidental to, the reservation of a shared motor vehicle by a shared vehicle driver through the program;

- requires a peer-to-peer car sharing program agreement with the shared vehicle driver and the shared vehicle owner to include specified disclosures;
- requires a peer-to-peer car sharing program to ensure that, during each car sharing period, the shared vehicle owner and the shared vehicle driver are insured;
- provides that the coverage by a peer-to-peer car sharing program for a shared vehicle driver may be exclusive and for a shared vehicle driver must be primary except if the vehicle is used as a replacement vehicle;
- authorizes an insurer to exclude all coverage afforded under a shared vehicle owner’s personal motor vehicle liability insurance policy for any loss or injury that occurs during the car sharing period;
- subjects sales of peer-to-peer car sharing to an 8% sales tax for two years, as compared with sales of rental car vehicles which are taxed at 11.5%;
- prohibits a peer-to-peer car sharing program from entering into an agreement unless the driver holds a driver’s license;
- requires a peer-to-peer car sharing program to have a concession fee agreement with the aviation administration to operate at an airport; and
- requires MVA and the Office of the Comptroller to provide information relating to taxation and government fees imposed in connection with short-term rentals and peer-to-peer sharing to assist in the determination of a fair and equitable State taxation on peer-to-peer car sharing sales.

### **Travel Insurance**

Travel insurance is coverage for personal risk related to planned travel including interruption or cancellation of a trip or event; loss of baggage or personal effects; damage to accommodations or a rental vehicle; or sickness, accident, disability, or death occurring during travel, if issued as incidental to coverage. Travel insurance does not include a major medical plan that provides comprehensive medical protection for a traveler on a trip lasting six months or longer.

In an effort to modernize the regulation of travel insurance as recommended by the National Association of Insurance Commissioners, *Senate Bill 652/House Bill 979 (both passed)* establish an updated regulatory framework for the sale of travel insurance in the State. Specifically, the bills:

- expand the definition for “travel insurance” and establish numerous definitions related to sale, issuance, and administration of travel insurance;

- prohibit a cancellation waiver or travel assistance service (*e.g.*, lost luggage assistance or a destination information service) from being construed as insurance;
- authorize travel protection plans to be sold together for one price, under certain conditions;
- authorize travel insurance to be sold in the State in the form of an individual, a group, or a blanket policy; and
- clarify that an insurer that issues or sells a travel insurance policy in the State is required to pay the premium tax on insurance sold to a resident of the State, certain primary certificate holder, or certain blanket travel insurance policyholders.

Additionally, a person who offers travel insurance to a resident of the State is subject to the provisions of the Insurance Article that govern unfair trade practices, such as unfair methods of competition, deceptive acts, unfair claims settlement practices, and acts of insurance fraud.

### **Life Insurance**

All life insurance policies in the State must contain certain provisions and meet certain requirements specified by law. Maryland did not differentiate between the life of a minor and the life of an adult with respect to issuance of life insurance. *Senate Bill 168/House Bill 27 (both passed)* establish additional obligations and requirements for life insurers when they consider, underwrite, or issue a life insurance policy on the life of a minor. The bills require an application for a life insurance policy on a minor to include the signature of the applicant and the signature and consent of the minor's parent or legal guardian, unless the minor is married or emancipated.

In addition, the application, or an endorsement to the policy, must include a specified notice that warns the applicant that a beneficiary involved in the killing of the insured is not entitled to benefits under the policy. Further, as part of the life insurer's written standards and procedures for a policy application and acceptance, the insurer, among other requirements, must request that the applicant identify the amount of other life insurance policies on the minor being insured, document the applicant's response to that inquiry, and take reasonable steps to verify the amount of the other policies that are in force or are pending.

### **Long-term Care Insurance**

Under Maryland regulations, an insurer may not deliver or issue a long-term care insurance policy unless the option of purchasing a nonforfeiture benefit has been offered. A nonforfeiture benefit allows a consumer to retain some value of the policy if the policy lapses due to nonpayment of premiums. If an applicant rejects the offer of a nonforfeiture benefit at time of application or if, for specified products, the applicant accepts the nonforfeiture benefit on a policy with a fixed or limited premium paying period, the carrier must provide for a contingent benefit upon lapse.

**House Bill 946** (*passed*) requires a long-term care insurance carrier to provide to an insured a contingent benefit upon lapse if the carrier increases the premium rate for the insured, the insured has maintained the policy or contract for at least 20 years, and the insured terminates the policy or contract within 120 days after the premium increase becomes effective. The contingent benefit upon lapse must be a paid-up coverage with no additional premiums due and with a reduced lifetime maximum benefit equal to the sum of all premiums paid minus any claims paid. All other benefits of the policy or contract in effect on the date of the lapse must remain unchanged and may not be increased after the date of the lapse.

## Horse Racing and Gaming

### Horse Racing

#### Anti-Doping Interstate Compact

**Senate Bill 1115/House Bill 1177** (*both passed*) enter Maryland into the Interstate Anti-Doping and Drug Testing Standards Compact and authorize the State Racing Commission to participate in the compact. The compact is enforceable when enacted by any two eligible states. The purpose of the compact is to enable member states to act jointly and cooperatively to create more uniform, efficient, and effective breed-specific rules and regulations relating to the permitted and prohibited use of drugs and medications for the health and welfare of the horse and the integrity of racing, and testing for such substances, in or affecting a member state. The bills also establish the composition, powers, and responsibilities of the Interstate Anti-Doping and Drug Testing Standards Compact Commission.

#### Local Impact Grants

From the video lottery terminal (VLT) proceeds at each video lottery facility, generally 5.5% are distributed as local impact grants to local governments in which a facility is operating. Through the end of fiscal 2032, generally 18% of the local impact grants must go to Baltimore City with the Pimlico Community Development Authority acting as the local development council. Of that amount, \$500,000 annually from fiscal 2015 through 2019 must be distributed to communities within three miles of the Laurel Race Course based on the distribution of impact aid from Laurel horse racing to Anne Arundel County, Howard County, and the City of Laurel. **House Bill 130** (*passed*) makes permanent the \$500,000 annual distribution to the Laurel Race Course communities beyond fiscal 2019.

#### Purse Dedication Account

Generally, 6% of VLT proceeds, not to exceed \$100 million, is distributed to the Purse Dedication Account (PDA), which is under the authority of the State Racing Commission. **Senate Bill 381/House Bill 392** (*both passed*) extend, through calendar 2024, distributions from the PDA of up to \$1.2 million annually each to Ocean Downs Race Course and Rosecroft Raceway for financial assistance for operating losses, in accordance with generally accepted accounting principles, to support a minimum of 40 live racing days each year.

## Maryland International and Preakness Stakes

Chapter 727 of 2016 established the Maryland International thoroughbred race, a Grade 1 stakes race, to be conducted by a licensee at Laurel Park. Through fiscal 2019, \$500,000 of State lottery revenues is to be distributed from the horse racing special fund for the Maryland International thoroughbred race purse. Laurel Park has not yet held a Maryland International race. ***Senate Bill 1158/House Bill 1721 (both passed)*** (1) change the amount to be distributed from \$500,000 to “up to” \$500,000; (2) change the race from a Grade 1 to a graded stakes race; (3) from the \$500,000 distribution of State lottery revenues in fiscal 2019 to the fund for the race purse, allow any unused amounts to stay in the fund for disbursement in later years; (4) allow the race to continue after fiscal 2019; and (5) beginning in fiscal 2020, require any fund amounts paid by the Comptroller to the race purse, for specified grants, or for a specified bonus award program to remain available exclusively for those purposes.

## Jockey Injury Compensation Fund

The State Racing Commission manages the Maryland Jockey Injury Compensation Fund, Inc., which is used to purchase a blanket workers’ compensation insurance policy for all jockeys who are covered employees under workers’ compensation law. ***Senate Bill 851/House Bill 1592 (both passed)*** require the membership of the fund to consist of each licensed owner and trainer of a thoroughbred horse who is subject to an assessment for the fund by the commission.

For a more detailed discussion of ***Senate Bill 851/House Bill 1592***, see the subpart “Workers’ Compensation” within this part of this *90 Day Report*.

## Sports Betting

The federal Professional Amateur Sports Protection Act (PASPA) makes betting on sports illegal under federal law but exempts certain types of sports betting in states that had authorized it before PASPA or within a year after PASPA became effective. Thus, Delaware, Montana, Nevada, and Oregon may offer betting on sporting events, but only Delaware and Nevada currently authorize sports betting. New Jersey is challenging PASPA in the Supreme Court in *Christie v. National Collegiate Athletic Association*, arguing that PASPA violates the Constitution by “commandeering” the states into enforcing federal law. The Supreme Court heard oral arguments in December 2017 and is expected to make a decision by summer 2018. Some states are preparing to authorize sports betting if it becomes legal under federal law.

***Senate Bill 836/House Bill 1014 (both failed)***, would have established, subject to voter referendum, that the General Assembly may authorize the State Lottery and Gaming Control Commission (SLGCC) to issue a license to offer sports betting in the State. If approved at referendum, legislation would have been required to provide for the operation, regulation, and disposition of proceeds. ***House Bill 1014*** would have been made contingent on the overturning or repeal of PASPA and would have authorized SLGCC to issue sports betting licenses to a video lottery operation licensee or a licensee for mile thoroughbred racing or harness racing. Finally,

**House Bill 1014** would have included intent language that, if authorized, State revenues generated by sports betting would be used for dedicated purposes, including public education.

## **Fantasy Competitions**

Chapter 346 of 2012 exempted specified fantasy competitions from State gaming prohibitions and authorized the Comptroller to adopt regulations related to fantasy competitions. The Act defined a “fantasy competition” as any online fantasy or simulated game or contest such as fantasy sports in which (1) participants own, manage, or coach imaginary teams; (2) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; and (3) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals. **Senate Bill 900 (passed)** prohibits a person from operating a kiosk or machine that offers fantasy competitions to the public in a place of business physically located in the State. The bill also transfers the authority to adopt regulations relating to fantasy competitions from the Comptroller to SLGCC.

## **Video Lottery Facilities**

### **Video Lottery Terminal Proceeds**

**Senate Bill 1122 (passed)** proposes a constitutional amendment, subject to voter approval, requiring the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020.

For a more detailed discussion of **Senate Bill 1122**, see the subpart “Primary and Secondary Education” within Part L – Education of this *90 Day Report*.

Chapter 445 of 2017 altered the definition of VLT and table game “proceeds” so that, consistent with regulations adopted by SLGCC, if a video lottery operation licensee returns to successful players more than the amount of money bet through VLTs or table games on a given day, the licensee may subtract that amount from the proceeds of a following day. SLGCC adopted regulations limiting the number of days a licensee could subtract its losses to two days. **House Bill 1171 (passed)** changes the maximum number of days a licensee could subtract its losses from two to seven days and repeals the authority of SLGCC to adopt regulations establishing the number of days.

In Baltimore City, beginning in fiscal 2018, at least 50% of its local impact grants from VLT proceeds must be distributed to the South Baltimore Gateway Community Impact District Management Authority for community grants and improvements. **Senate Bill 480 (passed)** requires the State to distribute specified local impact grants directly to the authority and repeals a requirement that Baltimore City establish a schedule for the distribution and expenditure of the funds.

## Minority Business Enterprise Participation

Chapter 4 of the 2007 special session, which first required the licensing of video lottery facilities in the State, included a requirement that construction and procurement related to the operation of the facilities meet the same requirements for minority business participation specified for State agencies in State law. That provision, reauthorized in 2011, is scheduled to terminate July 1, 2018. *Senate Bill 383/House Bill 1622 (both passed)* extend by one year the requirements for minority business participation and any other corresponding Minority Business Enterprise (MBE) provisions. The bills also require the Maryland Department of Transportation to conduct a disparity study, by December 14, 2018, of MBE-requirement compliance with federal law.

For a further discussion of *Senate Bill 383/House Bill 1622*, see the subpart “Procurement” within Part C – State Government of this *90 Day Report*.

## Local Gaming

### Calvert County

A State admissions and amusement (A&A) tax is imposed on the net proceeds derived from any charge for the operation of an electronic bingo machine permitted under a commercial bingo license or an electronic tip jar machine that is operated for commercial purposes. Through fiscal 2019, revenues attributable to a 4% tax rate from the State A&A tax in Calvert County are distributed to the Calvert County Youth Recreational Opportunities Fund. *House Bill 1459 (Ch. 118)* makes permanent the distribution to the fund, and money from the fund must be used for the sole purpose of completing the development of Ward Farm Recreation and Nature Park. *Senate Bill 983 (passed)* redirects annually, beginning in fiscal 2020, \$250,000 of State A&A tax revenues that otherwise would be distributed to the Special Fund for Preservation of Cultural Arts in Maryland to the Maryland Historical Society.

### Carroll County

*Senate Bill 275/House Bill 610 (both passed)* repeal the prohibition in Carroll County against issuing a permit to conduct a card game, card tournament, or casino event after 1:00 a.m. on Sunday.

## Economic Development

### Economic Development Tax Credits

#### Promoting ext-Raordinary Innovation in Maryland’s Economy (PRIME Act)

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America. In its announcement, the company stated that it was conducting a competitive site selection process. In January 2018, Amazon announced a list of 20 finalists that included Montgomery County, Northern Virginia, and the

District of Columbia. In January 2018, the Governor announced an incentive package to encourage the company to build its second headquarters in Montgomery County. Pursuant to this effort, the Administration announced it would introduce legislation to establish tax incentives.

*Senate Bill 877 (passed)* establishes tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to the Department of Commerce a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures. A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, the bill allows a business to receive the property tax credit proposed by the bill and a tax credit under the Businesses That Create New Jobs Tax Credit Program. The bill terminates if the department fails to certify a business as a qualifying business before January 1, 2022.

For a more detailed discussion on this issue, see the subpart “Income Tax” within Part B – Taxes of this *90 Day Report*.

### **One Maryland Economic Development Tax Credit Program**

Under the One Maryland Economic Development Tax Credit Program, businesses that (1) establish or expand a business facility in a priority funding area; (2) are located in a qualified distressed county; and (3) are primarily engaged in specified business activities may be entitled to tax credits for costs related to a new or expanded facility. *Senate Bill 989/House Bill 1295 (both passed)* modify the One Maryland Economic Development Tax Credit Program, including establishing tiered credit amounts and expanding geographic eligibility. For a more detailed discussion of this issue, see the subpart “Income Tax” within Part B – Taxes of this *90 Day Report*.

## **Regional and Local Economic Development**

### **Baltimore City Convention Center**

In 1996, the Maryland Stadium Authority (MSA) and Baltimore City entered an agreement under which MSA must contribute two-thirds of the annual operating deficit of the Baltimore Convention Center (BCC) and contribute one-half of BCC’s annual capital improvement reserve fund payment. Chapter 283 of 2013 extended the arrangement from December 31, 2014, to December 31, 2019, when MSA’s outstanding bonds for the project are retired. *Senate Bill 400 (passed)* extends by 10 years, to December 31, 2029, 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 annually to the capital improvement reserve fund. Consistent with the extension of MSA’s obligations, the bill extends the date after which Baltimore City is solely responsible for all operating deficits and capital improvements of BCC.

## State Center

State Center refers to the 28-acre property in Baltimore City that is owned by the State and includes several State office buildings and the Fifth Regiment Armory. A public-private partnership agreement between the State and State Center LLC, with an estimated total cost of \$1.5 billion, was approved by the Board of Public Works (BPW) in 2010. A legal challenge to the agreement was initiated by local merchants and office building owners shortly after it was approved by BPW in 2010. The case lasted for four years, during which no construction occurred, until the Court of Appeals rejected the challenge. Shortly thereafter, the new administration of Governor Lawrence J. Hogan, Jr., began negotiations with State Center LLC for adjustments to the terms of the agreement. Those negotiations entered mediation, but no agreement was reached.

In December 2016, BPW voted unanimously to void the office leases and filed suit against State Center LLC to cancel the project. State Center LLC filed a countersuit seeking compensation for its role in the project. Pending the outcome of the competing lawsuits, State Center LLC retains exclusive rights to develop the property for the foreseeable future. If a resolution is reached in a shorter period, and a new public notice of solicitation is issued by the State, [\*Senate Bill 614/House Bill 1286 \(both passed\)\*](#) specify that the State or its reporting agency may not enter into a new or modified contract or plan for development of State Center unless the contract meets specified conditions. Specifically, any new contract or plan for the development of State Center must include provisions that require:

- an enforceable community benefits agreement between the developer and the State Center Neighborhood Alliance, Inc., to provide for a concerted and coordinated effort by the developer and the community throughout the entire planning, development, and construction phases of the project;
- a comprehensive local hiring plan for the project that includes goals for short-term construction jobs, long-term employment opportunities, and job training; and
- an economic improvement plan for the project that includes goals for the use of minority- and women-owned and locally owned businesses.

Any new or modified contract or plan for State Center must also include, to the extent possible, other specified components. The bills also require a developer who is a party to a new contract or plan for the development of State Center to use best practical efforts to begin construction within 18 months after execution of the new contract and any associated plans.

The State, or its reporting agency, must include the State Center Neighborhood Alliance, Inc., and any other interested community association in the selection for a new development contract and the development of any plans for State Center or the modification of existing plans. The bills apply prospectively and do not apply to any contracts existing before October 1, 2018. The bills, however, may be construed to apply to a modification made to an existing contract.

## Maryland Technology Internship Program

Chapter 652 of 2014 created the Maryland Technology Internship Program to increase student understanding of employment opportunities in the State and to foster business retention and development, job creation, workforce development, and new investment in the State. Eligibility requirements for individuals generally focused on in-state or out-of-state enrollment in an institution of higher education, grade point average, and history of military service. To qualify for participation in the program, a business must (1) be located in the State; (2) be a technology-based business; (3) have 150 or fewer employees; (4) commit to hosting an intern for a minimum of 120 hours during a spring, fall, or summer semester; (5) provide a detailed description of an intern position with the business; and (6) provide proof that a representative has attended an orientation or training program provided or approved by the University of Maryland Baltimore County (UMBC).

The Act required the Governor to include funds in the State budget for the reimbursement of the stipends and for UMBC to administer the program. The money was to be used to reimburse a technology-based business for up to 50% of a stipend paid to an intern, up to \$3,000 annually for each intern. Despite the fact that State law requires annual funding for administrative costs and stipend reimbursements, no funding was provided to the program before fiscal 2019. Therefore, the program has not yet begun. The fiscal 2019 budget, however, includes \$340,000 in general funds for the program.

*House Bill 527 (passed)* incorporates units of State and local government into the program, allowing the units to participate in the same way as technology-based businesses if they meet specific requirements. The bill also removes a prohibition against participation in the program by a business with more than 150 employees but requires half of the internships supported by the program each year to be with businesses with less than 150 employees. The bill requires the utilization of a website for the administration of the program, rather than simply the establishment of the website, and authorizes the increase of the maximum reimbursement amounts under specified circumstances.

## Defense Industry Study

Maryland has a significant defense industry presence. A 2015 study conducted by Towson University's Regional Economic Studies Institute found that, in 2015, 15 military installations in the State supported more than 410,000 jobs and generated \$57.4 billion in total output.

*House Bill 1542 (passed)* requires the Department of Commerce, in conjunction with the Maryland Department of Veterans Affairs and the Department of Labor, Licensing, and Regulation, to conduct a study of employment in the State's defense industry. The study is subject to the receipt of funding from a grant provided by the Office of Economic Adjustment within the U.S. Department of Defense or from any other source. In conducting the study, the Department of Commerce must consult with specified stakeholders and estimate the number and type of defense industry jobs in the State facing shortages in the next decade. By December 31, 2018, the Department of Commerce must report the findings of the study to the General Assembly.

## Housing and Community Development

### Community Development

#### Community Development Program

The Department of Housing and Community Development (DHCD), through the Division of Neighborhood Revitalization, administers commercial and mixed-use revitalization programs to encourage physical and organizational improvements to business and nearby areas around the State.

*Senate Bill 821/House Bill 109 (both passed)* establish a Community Development Program (CDP) within DHCD to provide financial assistance for community development projects and community development organizations around the State. DHCD must adopt regulations to carry out the program. The bills also establish a Community Development Fund as a special fund within DHCD to support the program; the fund consists of money appropriated in the State budget, in addition to any other money from any other source accepted for the benefit of the fund. A Community Development Board is established in the program to make recommendations on how the fund is to be used. DHCD is not required to provide staff or operating expenses for administering CDP until money is appropriated in the State budget for the fund.

#### Baltimore Regional Neighborhood Initiative Program

A community development organization may apply to DHCD to receive program funds to be used for operating costs necessary to implement various community enhancement projects. DHCD must establish the application process and adopt regulations to establish a quantitative system to evaluate applications. The Baltimore Regional Neighborhood Initiative Program (BRNI) aims to demonstrate how strategic investment in local housing and businesses can lead to healthy, sustainable communities in Baltimore City, Baltimore County, and Anne Arundel County. *House Bill 108 (passed)* repeals the requirement that an application to DHCD for funds under BRNI contain a local government resolution or letter of support, a requirement that was inadvertently included when BRNI was codified in 2016 (Chapter 29). The bill makes the application process under BRNI consistent with the application process under other neighborhood revitalization programs in DHCD.

### Homeownership Programs

#### Homebuyer Education Requirements

The Down Payment and Settlement Expense Loan Program within DHCD provides financing for down payment and settlement expenses to enable eligible homebuyers to purchase homes. Recipients of a program loan are required to complete homebuyer education that meets the requirements of DHCD. However, if the political subdivision in which a loan recipient will use the loan administers its own down payment or settlement expense loan program that requires homebuyer education, then the loan recipient must complete the more stringent homebuyer

education requirement. *House Bill 279 (Ch. 104)* is departmental legislation that modifies the homebuyer education requirement and requires only that a participant in DHCD's program complete the homebuyer education requirement that meets DHCD's requirements. DHCD's requirements must allow a program recipient to use the online homebuyer education for a HUD-approved product and enable a political subdivision's homebuyer education certificate to be used in another political subdivision. In addition, the Act authorizes DHCD to use the Housing Counseling and Foreclosure Mediation Fund to support homebuyer education, housing advice, or financial counseling to low- and moderate-income households.

### **Live Near Your Work Program**

The Community Development Administration within DHCD must administer a homebuyer assistance program that (1) assists homebuyers to receive low-interest mortgage loans, with down payment and closing cost options, for the purchase of homes near their place of employment and (2) coordinates with, and matches where appropriate, similar programs offered by private employers and county and municipal governments so as to maximize the total amount that homebuyers can receive under the program. DHCD is required to report to the General Assembly each year by December 31 on the program. *House Bill 1192 (passed)* requires DHCD, in its December 31, 2018 annual report to the General Assembly, to include a one-time component in the report on DHCD's evaluation of the ability of program participants to increase their financial grants or incentives.

## **Programs to Assist the Homeless**

### **Ending Youth Homelessness**

The majority of State-funded homeless service grants are managed by DHCD. The department's Office of Community Programs oversees various efforts to reduce homelessness in the State. DHCD does not provide direct housing placement or emergency support services specifically to homeless individuals; instead, it coordinates with and awards grant funding to local administering agencies and service providers to support various programs. *Senate Bill 1218 (passed)* establishes the Ending Youth Homelessness Grant Program within DHCD to (1) prevent and end youth homelessness in the State and (2) address related disparities based on race, ethnicity, sexual orientation, and gender identity. Eligible recipients of grant funding are limited to (1) street and community-based outreach and drop-in programs; (2) emergency shelter programs; and (3) housing programs that are either time limited or nontime limited.

The bill also establishes an Ending Youth Homelessness Grant Fund as a special fund within DHCD to support the program and requires DHCD to serve as the lead State agency for Youth REACH Maryland. In working with Youth REACH Maryland, DHCD is required to perform data collection and analysis in order to determine the number and character of unaccompanied homeless youth in each jurisdiction in the State. On or before December 1 each year, DHCD is required to report to the General Assembly on areas of the State with the greatest need for services and housing and details about grants made and grantee outcomes.

## **Crisis Shelter Home Program for the Homeless**

The Homeless Women – Crisis Shelter Home Program in DHCD provides crisis shelter homes, meals, and counseling for women. A shelter home must (1) provide clients with temporary residence of up to 12 continuous weeks and necessary counseling to link clients to appropriate community services; (2) accept, from the police and other referral sources in the community, clients for temporary shelter; and (3) conform to applicable State and local fire codes, health codes, and zoning ordinances. *House Bill 955 (Ch. 105)* renames the program to be the Crisis Shelter Home Program for the Homeless and expands its accessibility to individuals and families instead of only women. The Act also repeals the requirement that a temporary residence be limited to 12 continuous weeks or less and repeals a regulatory requirement relating to provider fees.

## **Local Housing Authorities and Commissions**

### **Anne Arundel County**

The Housing Commission of Anne Arundel County consists of seven commissioners appointed by the county executive. *Senate Bill 1176 (passed)* reduces the term of a member of the housing commission from five years to four years, so as to have the term be coterminous with that of the county executive. The bill also provides that the terms of the members serving on the effective date of the bill (October 1, 2018), shall expire at the end of December 1, 2018.

### **Montgomery County**

Property is used for essential public or governmental purposes and is exempt from all taxes and special assessments of the State or a political subdivision if the property, in addition to meeting other requirements, (1) belongs to a housing authority or a nonprofit housing corporation or (2) is used as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a Baltimore Housing Authority entity. *House Bill 220 (Ch. 126)* extends this real property tax exemption in a similar manner to Montgomery County Housing Authority entities – entities controlled or wholly owned by the Housing Opportunities Commission of Montgomery County – if the entities enter into payment-in-lieu of taxes agreements with the county.

The Housing Opportunities Commission of Montgomery County and a certified employee organization must meet by September 1 each year and engage in collective bargaining about specified issues, including salaries and wages, for the following fiscal year. A mediator may be used in collective bargaining when (1) HOC and the employee organization agree to mediation or (2) an impasse results and HOC or the employee organization requests mediation. If the parties do not reach an agreement by December 1 on an agreement that would become effective the following fiscal year (*i.e.*, July 1), then the parties must jointly appoint a mediator-arbitrator. *House Bill 278 (Ch. 127)* makes various changes to the binding arbitration process between the HOC and its employees, including (1) requiring an employee organization certified as exclusive representative to disclose to represented employees all HOC's offers regarding wages; (2) establishing a three-member mediator-arbitrator panel; (3) adding wages to the report

determining the more reasonable final offer; and (4) requiring the Executive Director of HOC to submit to HOC, any term or condition of the final offer regarding wages under certain circumstances.

### **Prince George’s County**

**House Bill 236** (*passed*) establishes the Affordable Housing Commission for Prince George’s County, to be staffed by the Prince George’s County Department of Housing and Community Development. The commission must (1) review the procedures and practices used in the county administration of housing and community development policies; (2) use existing studies, reports, and census data to examine the state of affordable housing in the county, as specified; and (3) examine industry trends in the location, production, and rehabilitation of single-family and multifamily housing. The commission must report its findings and recommendations to specified officials by January 1, 2019. The bill terminates June 30, 2019.

## **Workers’ Compensation**

### **Coverage**

Even though not technically an employee, when a student is placed in an unpaid, work-based learning experience coordinated by a county board of education or a private noncollegiate institution, the employer is required to secure workers’ compensation coverage for the student. The requirement may be satisfied if the county board or institution provides the coverage for the student instead. If the coverage is provided by the county board or institution, the employer must reimburse the county board or institution in an amount equal to the lesser of the cost of the premium for the coverage or a \$250 fee. However, the county boards in Allegany, Cecil, and Howard counties are authorized to waive the reimbursement requirement. **Senate Bill 403/House Bill 814** (*both passed*) expand the authority to waive the reimbursement requirement to all county boards of education.

The State Racing Commission manages the Maryland Jockey Injury Compensation Fund, Inc., which was established in 1986 as a nonprofit corporation in the Department of Labor, Licensing, and Regulation. The purpose of the fund is to purchase a blanket workers’ compensation insurance policy for all jockeys who are covered employees under workers’ compensation law. The commission is required to assess each licensed owner and trainer of a thoroughbred horse an amount sufficient to cover the cost of the workers’ compensation insurance policy. **Senate Bill 851/House Bill 1592** (*both passed*) require the membership of the fund to consist of each licensed owner and trainer of a thoroughbred horse who is subject to the assessment. In addition, the bills alter the circumstances under which jockeys are covered employees. Specifically, the bills provide that a jockey who is licensed by the commission to ride a thoroughbred horse is a covered employee while performing a service in connection with live thoroughbred racing or, if the principal earnings of the jockey are based on money earned as a jockey during live racing and not as an exercise rider, training a thoroughbred race horse at a thoroughbred racing association or training facility under the jurisdiction of the commission. The

bills also repeal other provisions related to applications for benefits and actions against the licensed owner or trainer.

## **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 48/House Bill 205 (both passed)* alter the definition of “public safety employee” to include State correctional officers, thereby making these officers eligible for enhanced workers’ compensation benefits. A public safety employee who is awarded compensation for a period of fewer than 75 weeks for a permanent partial disability is compensated by the employer or its insurer 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 apply to claims arising before October 1, 2018. Finally, the bills could result in an increase in State general fund expenditures of more than \$1 million.

## **Suspected Fraud**

*Senate Bill 575/House Bill 1499 (both passed)* expand the authority of the Maryland Insurance Administration’s Insurance Fraud Division to encompass investigating and taking action on fraud committed by or against a governmental self-insurance group and employers who self-insure under workers’ compensation law. The bills also expand the definition of “insurance fraud,” for purposes of certain provisions of law governing reporting and preventing insurance fraud, to include a violation of the prohibition against a person knowingly affecting or knowingly attempting to affect the payment of compensation, fees, or expenses under workers’ compensation law by means of a fraudulent representation. In addition, the bills require governmental self-insurance groups and employers who self-insure or participate in a self-insurance group for workers’ compensation to report suspected insurance fraud cases, in writing, to the Insurance Fraud Division. Information submitted to the Insurance Fraud Division in this manner is not subject to public inspection, except under specified circumstances.

## **Subsequent Injury Fund**

An insurer, a self-insured employer, the Subsequent Injury Fund, or the Uninsured Employers’ Fund are all authorized to seek damages against a third party in a workers’ compensation case when the third party is liable for the injury or death of the covered employee in the case. A covered employee, or in case of death, the dependents of the covered employee may bring an action for damages against the third party. If the employee or dependents recover damages, the covered employee or dependents first may deduct the costs and expenses for the action. Next, the insurer, the self-insured employer, the Subsequent Injury Fund, or the Uninsured Employers’ Fund are reimbursed for compensation paid and other costs incurred. *Senate*

*Bill 979/House Bill 1500 (both passed)* require that, in determining reimbursement to these parties, if the parties have not waived third-party reimbursement, first, the insurer, the self-insured employer, or the Uninsured Employers’ Fund are reimbursed; next, the Subsequent Injury Fund is reimbursed.

## **Unemployment Insurance**

During the 2018 session, there was no significant activity in the area of unemployment insurance.

## **Labor and Industry**

### **Sick and Safe Leave Policies**

During the 2017 session, the General Assembly passed House Bill 1 (Ch. 1). The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session, and the bill became law in February 2018. Chapter 1, cited as the Maryland Healthy Working Families Act, requires an employer, including the State and local governments, to have a sick and safe leave policy under which an employee earns at least 1 hour of sick and safe leave at the same rate as the employee normally earns, for every 30 hours an employee works. An employer is not required to allow an employee to earn or carry over more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned leave in a year, accrue more than 64 hours at any time, or use earned sick and safe leave during the first 106 calendar days worked.

For a more detailed discussion, see the subpart “Labor and Industry” within Part H – Business and Economic Issues of the 2017 *90 Day Report*.

*Senate Bill 134 (passed)* creates a refundable credit against the State income tax for a small business that employs 14 or fewer employees and provides paid sick and safe leave in accordance with the Maryland Healthy Working Families Act. The tax credit applies to a qualified employee who earns 250% or less of the annual federal poverty guidelines for a single-person household.

For a more detailed discussion of *Senate Bill 134*, see the subpart “Income Tax” within Part B – Taxes of this *90 Day Report*.

## **Hiring and Employment Practices**

### **Retirement Savings Program**

Chapters 323 and 324 of 2016 established the Maryland Small Business Retirement Savings Program and Trust and required specified private-sector employers to make the program available to their employees. *Senate Bill 1001 (passed)* makes the Maryland Small Business Retirement Savings Board a body politic and corporate and is an instrumentality of the State, clarifies the types of retirement savings programs that employers may offer in order to qualify for

an exemption from the State's business filing fee, makes the board's employees eligible to participate in the State Employee and Retiree Health and Welfare Benefits program as a satellite organization, and makes other changes to the board's authority.

For a more detailed discussion of *Senate Bill 1001*, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

### **Payment of Wages**

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, 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. *Senate Bill 853 (Ch. 17)* makes a general contractor on a project for construction services jointly and severally liable for violations of the Maryland wage payment and collection law committed by a subcontractor, regardless of whether the subcontractor is in a direct contractual relationship with the general contractor. A subcontractor must indemnify a general contractor for any wages, damages, interest, penalties, or attorney fees owed as a result of the subcontractor's violation, unless indemnification is already provided for in a contract or the violation arose due to a lack of prompt payment in accordance with the terms of the contract. A presently existing obligation or contract right may not be impaired in any way by the Act.

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage determined by the Commissioner of Labor and Industry. *Senate Bill 572/House Bill 1243 (both passed)* authorize an employee under a public work contract who is paid less than the appropriate prevailing wage to sue to recover the difference in wages paid without first filing a complaint with the commissioner. A determination by the commissioner that a contractor is required to make restitution does not preclude the employee from a private cause of action. A contractor and subcontractor are jointly and severally liable for any violation of the subcontractor's obligations in a civil action.

State law specifies that an employee must be paid the greater of the federal minimum wage (which is currently \$7.25 per hour) or \$9.25 per hour. Under Chapter 262 of 2014, the State minimum wage is scheduled to increase to \$10.10 per hour as of July 1, 2018. A number of bills were introduced during the 2018 session to increase the State minimum wage. *Senate Bill 1019 (failed)* would have phased in increases in the State minimum wage to \$15.00 per hour by July 1, 2024, for a small employer; by July 1, 2023, for a midsized employer; and by July 1, 2021, for all other employers subject to the State minimum wage law and then would have indexed the minimum wage to inflation. *Senate Bill 543/House Bill 664 (both failed)* would have phased in an increase in the State minimum wage to \$15.00 per hour by fiscal 2024 and then indexed the minimum wage to inflation. *Senate Bill 235 (failed)* would have indexed the State minimum wage to inflation beginning in fiscal 2020. *Senate Bill 368 (failed)* would have phased in increases in the State minimum wage to \$15.00 per hour by July 1, 2026, for a small employer and by

July 1, 2022, for all other employers subject to the minimum wage law and then would have indexed the minimum wage to inflation.

## **Workplace Harassment**

Sexual harassment is a form of sex-based discrimination. *Senate Bill 1010/House Bill 1596 (both passed)* establish that, except as prohibited by federal law, a provision in an employment contract, policy, or agreement that waives any substantive or procedural right or remedy to a claim that accrues in the future of sexual harassment, or retaliation for reporting or asserting a right or remedy based on sexual harassment, is null and void as being against the public policy of the State. An employer with 50 or more employees must annually for two years submit a short survey – by July 1, 2020, and by July 1, 2022 – to the Maryland Commission on Civil Rights on sexual harassment settlements. The commission must publish aggregated information from the surveys on its website, retain responses for public inspection on request, and create an executive summary on a random selection of surveys by December 15, 2020, and by December 15, 2022.

For a more detailed discussion of workplace harassment, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *90 Day Report*.

## **Education and Workforce Training**

Apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation.

*House Bill 1234 (passed)* authorizes a local board of education to count specified time spent in a registered apprenticeship program toward high school attendance and either high school graduation or a postsecondary credential, or both. A higher education institution may not refer to a noncredit or credit course as an apprenticeship or apprenticeship training course unless the course is an approved registered apprenticeship training program by the Apprenticeship and Training Council of the Department of Labor, Licensing, and Regulation (DLLR). The Division of Workforce Development and Adult Learning and the Department of Budget and Management must develop position classifications, which would include incremental salary adjustments, for employees who are selected to participate in specified registered apprenticeship programs.

*Senate Bill 978/House Bill 1216 (both passed)* authorize the Maryland State Department of Education to adopt regulations to require the award of credit toward high school graduation for the time that a student spends participating in either a registered apprenticeship program or a youth apprenticeship program. A student or student’s parent or guardian may choose to release the student’s personal information and Armed Services Vocational Aptitude Battery test scores to registered apprenticeship programs, youth apprenticeship programs, and employers registered with

DLLR or local workforce development boards. The bills also require the Maryland Higher Education Commission to collect and provide to the Maryland Longitudinal Data System Center specified identifying information on specified business licensees and students receiving industry and vocational certificates.

For a more detailed discussion of apprenticeships, see Part L – Education of this *90 Day Report*.

## **Safety Provisions**

### **Elevator Safety**

Elevators in the State must be inspected, tested, and maintained in a safe operating condition in accordance with the State Safety Code and regulations adopted by the Commissioner of Labor and Industry. *House Bill 1107 (passed)* phases in over two years a requirement that annual and five-year tests performed on elevators by a licensed elevator mechanic in privately and publicly owned buildings be conducted in the physical presence of a third-party qualified elevator inspector. The bill also allows witnessed tests on publicly owned elevators to be in the presence of a State inspector if there are insufficient third-party inspectors, based on a determination by the commissioner. DLLR must submit a report on the status of how inspections are being conducted under the bill's provisions to specified committees of the General Assembly by January 1, 2020. Beginning October 1, 2018, DLLR must establish and administer, within the Maryland Apprenticeship and Training Program, an apprenticeship program for third-party qualified elevator inspectors.

### **Railroad Safety**

In general, state regulatory authority over railroads is preempted by federal regulatory authority, because most remaining railroads in the United States are inherently a form of interstate transportation. A state may adopt or continue in force an additional or more stringent law, regulation, or order related to railroad safety or security in certain circumstances. In March 2016, the Federal Railroad Administration proposed regulations establishing minimum requirements for the size of train crew staffs, depending on the type of operation. However, the regulations were withdrawn in January 2017.

*House Bill 180 (passed)* generally prohibits a train or light engine used in connection with the movement of railroad freight that shares the same rail corridor as a high-speed passenger or commuter train from operating in the State unless it has a crew of at least two individuals. The bill establishes criminal penalties for willful violations of that prohibition. The bill terminates if a federal rule requires two-person crews.

## Statewide Alcoholic Beverage Regulation

### Task Force to Study Alcohol Regulation in the State

In Maryland, alcoholic beverages manufacturers and wholesalers are regulated by the Comptroller's Office (State level), while alcoholic beverages retailers are regulated by local boards of license commissioners. Specific to manufacturers, the Comptroller's Office considers applications and issues and oversees licenses through two offices: the Revenue Administration Division (RAD); and the Field Enforcement Division (FED). RAD is responsible for receiving and processing the tax returns and payments from alcoholic beverages manufacturers, and FED is responsible for enforcing the State's alcoholic beverages laws through inspection and oversight.

*House Bill 1316 (Ch. 25)* establishes a Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health in the State. The 21-member task force, whose membership includes legislators, alcohol industry representatives, law enforcement representatives, and health care professionals, must examine whether the Comptroller's Office is the most appropriate agency to ensure the safety and welfare of Maryland residents, or whether those tasks should be assigned to another State agency or to one created specifically to carry out those tasks. The task force must also make recommendations regarding additional policies that should be implemented, and the method for implementing the policies, with regard to alcohol laws in the State and legislative proposals that would expand the availability to the public. The task force must report its findings and recommendations to the General Assembly by December 1, 2018.

### Breweries

In January 2017, the alcoholic beverage distributor Diageo announced plans to open a Guinness brewery in Baltimore County. At that time, the law regulating on-premises sales and sampling for Class 5 breweries limited the sale and sampling to 500 barrels of beer. Chapter 813 of 2017 made, among other things, three significant changes to the manner in which Class 5 breweries are regulated in the State.

First, Chapter 813 increased the volume of its own beer that a Class 5 brewery may sell each year for on-premises consumption from 500 barrels to 2,000 barrels or, under certain circumstances, to 3,000 barrels. Second, Chapter 813 expressly authorized contract brewed beer and allowed the contract brewed beer produced at another location to be sold and sampled at the brewery in limited quantities. Third, Chapter 813 made changes to the hours during which a brewery may sell and serve beer for on-premises consumption.

In response to the passage of Chapter 813 meetings numerous bills were proposed that would have expanded or limited the privileges of breweries in the State. *House Bill 1052 (failed)* would have partially repealed Chapter 813, so that the law only applied to the Guinness brewery opening in Baltimore County. *House Bill 518 (failed)*, entitled the Reform on Tap Act of 2018 and drafted after a series of meetings held throughout the State by the Comptroller, would have significantly expanded the privileges conferred by any type of brewery license related to

production limits, onsite sale and sampling, and distribution. *Senate Bill 839/House Bill 1015 (both failed)* would have allowed a brewery that obtained a limited wholesaler's license to directly distribute any amount of its own product instead of being limited to 3,000 barrels. *Senate Bill 1044/House Bill 1176 (both failed)*, *Senate Bill 1017/House Bill 1148 (both failed)*, *Senate Bill 609 (failed)*, and *Senate Bill 406 (failed)* would have expanded Class 5 brewery privileges related to the onsite sampling and sale of beer.

## Wineries

### Class 4 Limited Wineries

A Class 4 limited winery license, issued by the Comptroller, authorizes the sale and sampling of wine and pomace brandy produced by the license holder for consumption. Among other things, a license holder may distill and bottle up to 1,900 gallons of pomace brandy made from available Maryland agricultural products. *House Bill 972 (passed)* establishes stricter requirements for a business to obtain a Class 4 limited winery license. Specifically, the bill changes the broad requirement that a licensee use Maryland agricultural products to produce wine and pomace brandy to instead require the licensee to own or have under contract at least 20 acres of grapes or other fruit in cultivation in the State for use in the production of wine or ensure at least 51% of the ingredients used in alcoholic beverages production are grown in the State. The Secretary of Agriculture each year may grant a one-year exemption to an applicant from the 51% requirement. The bill will not apply until May 1, 2022, to any person who holds a Class 4 license on or before June 30, 2018.

### Class 6 Limited Wine Wholesaler's License

A holder of a Class 4 limited winery license whose winery produces no more than 27,500 gallons of its own wine annually may obtain a Class 6 limited wine wholesaler's license. The Class 6 license allows the winery to sell and deliver its own wine produced at the licensed premises to a retailer or other person authorized to acquire the wine; however, a license holder may not sell the wine to another wholesaler. *House Bill 896 (passed)* increases the annual amount of wine that can be produced, sold, and delivered by the holder of a Class 4 limited winery license that also has a Class 6 limited wine wholesaler's license from 27,500 gallons to 35,000 gallons. The bill also authorizes a Class 6 license holder to sell its wine to a holder of a wholesaler's license.

## Distilleries

There are two types of manufacturer's license issued in the State that authorize the production of liquor. A Class 1 distillery license authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license. Similarly, a Class 9 limited distillery license, which may be issued to a holder of certain Class B or D beer, wine, and liquor licenses, authorizes the license holder to distill, rectify, bottle, or sell up to 100,000 gallons of the same types of alcoholic beverages; however, the Class 9

license holder may sell at retail on the premises of the Class D or Class B license only 15,500 gallons of liquor each year.

*Senate Bill 384 (passed)* increases the annual amount of liquor that may be sold at retail under a Class 9 limited distillery license to 31,000 gallons.

### **Manufacturer Off-site Permits**

The Harford County Farm Fair is an annual event celebrating Harford County’s agricultural heritage and features rides, farm animals, and food, among other attractions. *House Bill 270 (passed)* allows the holder of a brewery off-site permit or a winery off-site permit to use the permit to sell and provide samples of beer or wine at this fair.

### **Retail Sales of Alcoholic Beverages**

#### **Licenses from Multiple Jurisdictions**

A Class B beer, wine, and liquor license allows a restaurant, hotel, or motel to sell alcoholic beverages for consumption on- and/or off-premises, depending on the license. State law generally limits the number of alcoholic beverages licenses that may be issued to a single license holder to one; however, there are exceptions in some jurisdictions. For example, with certain specified requirements, Montgomery County authorizes a single license holder to obtain up to 10 Class B beer, wine, and liquor licenses.

*House Bill 1003 (passed)* authorizes a single individual to hold multiple Class B beer, wine, and liquor licenses or equivalent licenses issued by different local licensing boards for restaurants, hotels, or motels. The number of licenses that a single individual may hold is only limited by the cap imposed by each local licensing board on the licenses that the board issues. The licenses may be issued for use by the license holder, a partnership, a corporation, an unincorporated association, or a limited liability company.

#### **Sale of Powdered Alcohol**

The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol, a brand of powdered alcohol, on March 10, 2015, making it legal for Palcohol to be sold in the United States. Palcohol is a prepackaged powder that can be dissolved in a liquid to produce an alcoholic beverage. Additionally, the U.S. Food and Drug Administration has determined that the nonalcohol ingredients in Palcohol comply with agency regulations.

Chapter 475 of 2015 prohibited a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. The prohibition initially terminated on June 30, 2016; however, Chapter 564 of 2016 extended the prohibition for two years so that it terminates June 30, 2018. *Senate Bill 253/House Bill 213 (both passed)* make permanent this prohibition.

## Individuals with Intellectual Disabilities

*Senate Bill 461/House Bill 287 (both passed)* repeal provisions of law applicable in specified counties that prohibit a license holder or employee from knowingly selling or providing an alcoholic beverage to an individual with an intellectual disability or to an individual if a family member or guardian has given written notice to the license holder or employee under certain circumstances.

## Alcoholic Beverages

### Local Bills

#### Allegany County

*Class B-TM (Theater/Museum) License: Senate Bill 645/House Bill 1068 (both passed)* establish a Class B-TM (theater/museum) beer, wine, and liquor license for the use of a theater/museum that has a ballroom with seating for a maximum of 300 individuals per event. The license authorizes the license holder to sell at retail beer, wine, and liquor for on-premises consumption and in conjunction with a regular exhibit opening or a fund-raising event for the benefit of the theater/museum.

#### Annapolis

*Bookstore License: Senate Bill 150 (passed)* establishes a bookstore beer and wine license in the City of Annapolis. The license authorizes the sale of beer and wine for consumption in a bookstore during a public lecture, reading, discussion, or similar bookstore event. To be eligible for the license, a bookstore must derive at least 70% of its revenue from the sale of books. Average daily sales derived from alcohol beverages may not exceed 17% of the bookstore's total average daily sales.

#### Baltimore City

*Continuing Care Retirement Community License: Senate Bill 802/House Bill 245 (both passed)* authorize the Baltimore City Board of License Commissioners to issue a continuing care retirement community license. The license authorizes the license holder to sell beer, wine, and liquor for on-premises consumption to a resident or the guest of a resident of the continuing care retirement community.

*Class A-7 License:* A holder of a Class B-D-7 beer, wine, and liquor license may sell beer, wine, and liquor for off-sale consumption but also must sell beer, wine, and liquor for on-premises consumption as well. For years, certain Class B-D-7 license holders have sought authorization to sell for off-premises consumption only, as they have found conducting an on-premises operation too burdensome. In response to this request, *Senate Bill 519 (passed)* creates a Class A-7 beer, wine, and liquor license. The license holder is authorized to sell beer, wine, and liquor at retail at the place described in the license for off-premises consumption only. A license holder of a valid

Class B-D-7 beer, wine, and liquor license issued on or before July 1, 2018, may apply to the Baltimore City Board of License Commissioners to exchange the license for a Class A-7 license if the license holder first obtains approval by resolution of the Baltimore City Council. The board may not issue a Class A-7 license after July 1, 2020. In the 46<sup>th</sup> legislative district, a Class B-D-7 license may be exchanged for a Class A-7 license only if the Class B-D-7 license was issued for an establishment operating in a planned use development.

**License Issuance, Transfer, and Expiration:** *Senate Bill 616 (passed)* establishes a marketplace license in the 43<sup>rd</sup> alcoholic beverages district and authorizes the Baltimore City Board of License Commissioners to issue two Class B-D-7 licenses in the 2100 block of North Charles Street and two Class B-D-7 licenses in the 2100 block of Maryland Avenue of the district. The bill requires that, notwithstanding existing transfer restrictions into specific areas of Baltimore City, specified Class B-D-7 BWL licenses issued for premises in the 2200 block of West North Avenue and 2000 block of North Charles Street are to be considered unexpired until the end of July 1, 2019, for purposes of completing a transfer to another owner at the same location.

The bill also specifies that the board may only issue a Class BWLT beer, wine, and liquor (on premise) tasting license to a holder of a Class A-7 BWL license in the 46<sup>th</sup> legislative district contingent on the enactment of *Senate Bill 519*.

**Suspension Based on Unpaid Personal Property Tax:** *Senate Bill 401/House Bill 789 (Chs. 74 and 73)* alter the annual deadline from June 30 to October 30 for an alcoholic beverages license holder to present to the Baltimore City Board of License Commissioners a certificate showing that all State and local personal property taxes have been paid.

**License Application Newspaper Notice:** *Senate Bill 399 (passed)* requires the Baltimore City Board of License Commissioners to publish notice of an alcoholic beverages license application in two newspapers instead of three.

**Board of License Commissioners – Notice of Legislative Proposals:** *Senate Bill 1200 (passed)* requires the Baltimore City Board of License Commissioners to notify the following persons regarding any legislative proposal the board intends to submit to the Baltimore City Delegation to the General Assembly for introduction as a bill at least three months before the start of the annual regular session of the General Assembly: (1) the Mayor of Baltimore City; (2) the Baltimore City Council; and (3) community and residential groups in the city that have opted to receive notices from the board.

**Hours of Sale – References to Park Heights Redevelopment Area:** *Senate Bill 809/House Bill 22 (both passed)* remove the hours of sale restrictions that apply to the following alcoholic beverages license holders located in an area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue: (1) a Class B beer and light wine; (2) a Class B beer, wine, and liquor; (3) a Class C beer and light wine; and (4) a Class C beer, wine, and liquor. The bills also modify the hours of sale for specified licenses in the bounded area and remove references to the “Park Heights Redevelopment Area” in provisions that pertain to the hours of sale for beer and light wine and beer, wine, and liquor licenses.

***Board of License Commissioners – New Licenses, Waivers, and License Transfers:*** ***Senate Bill 118 (passed)*** requires that an appointment to the Baltimore City Board of License Commissioners made by the mayor and president of the city council when the Senate is not in session be subject to the advice and consent of the Senate when the Senate next convenes.

Additionally, the bill authorizes the board to issue a Class D beer, wine, and liquor license to an applicant who holds or has applied for a Class 9 limited distillery license in the 46<sup>th</sup> alcoholic beverages district. Once issued, a Class D beer, wine, and liquor license in the 46<sup>th</sup> alcoholic beverages district may be transferred only to a holder of a Class 9 limited distillery license.

The bill authorizes the board to allow the transfer of (1) a Class B-D-7 beer, wine, and liquor license from an area in ward 1, precinct 4 to an area in ward 1, precinct 5 and (2) a Class D beer, wine, and liquor license from an area in ward 1, precinct 5, to an area in ward 1, precinct 4, as specified.

The bill authorizes the board to waive the minimum capital investment and seating capacity requirements for an additional restaurant that a license holder of a Class B restaurant beer, wine, and liquor license seeks, as specified. Finally, the bill extends the expiration of a Class D (seven-day) beer and light wine license for a premises in the 600 block of South Montford Avenue in ward 1, precinct 3 until July 1, 2019, for the purpose of a transfer.

***Reissuance of Licenses (Community Liquor Empowerment Act of 2018):*** ***House Bill 905 (passed)*** authorizes the Baltimore City Board of License Commissioners to reissue a Class B-D-7 beer, wine, and liquor license as a seven-day beer, wine, and liquor (package goods) license if the licensed premises is (1) within the 41<sup>st</sup> legislative district and (2) equipped with high-definition cameras that provide continuous, 24-hour monitoring inside and outside the licensed premises. The bill also establishes additional fines on a license holder for selling alcohol to underage individuals.

***Change of Location of Class B-D-7 License:*** ***House Bill 114 (passed)*** changes the location where the Baltimore City Board of License Commissioners may issue a certain Class B-D-7 license in the 45<sup>th</sup> alcoholic beverages district.

## **Baltimore County**

***Authorization for Issuing an Additional Class B License – Repealed:*** ***House Bill 1395 (passed)*** repeals the authorization for the Baltimore County Board of License Commissioners to issue an additional Class B (on-sale – hotels and restaurants) beer, wine, and liquor license for premises used as a restaurant under specified circumstances and to define “restaurant” by regulation.

***Class B Beer, Wine, and Liquor License:*** ***House Bill 1396 (passed)*** repeals specified requirements for the issuance of a Class B beer, wine, and liquor license to an owner of a hotel that meets specified criteria, including the requirement that the hotel have a capital investment of at least \$500,000.

**Education Conference Facility/Dining Service License:** *Senate Bill 1144 (passed)* establishes a Class B Education Conference Facility/Dining Service beer, wine, and liquor license and authorizes the Baltimore County Board of License Commissioners to issue the license to an individual who is (1) authorized by the University of Maryland, Baltimore County to act on behalf of the campus under the license and be subject to specified penalties, conditions, and restrictions and (2) a resident of the State.

**Expiration of Alcoholic Beverages Licenses:** *House Bill 1410 (passed)* extends, from 180 days to one year, the period of time after which an alcoholic beverages license expires when the license holder has closed the business or stopped alcoholic beverages operations. The submission of a request for a hardship extension must automatically extend the life of the license for two years after the date of the closing or stopping of business operations. A hardship extension may not prolong the life of an inactive license beyond the total of two years after the date of closing or stopping of alcoholic beverages business operations and any time during which the license is suspended under specified circumstances.

**Interest in Multiple Licenses:** *House Bill 1393 (passed)* clarifies that the prohibition against a person having an interest in more than one alcoholic beverages license issued by the Baltimore County Board of License Commissioners does not apply to a license issued for a hotel.

**License Transfers:** *Senate Bill 306/House Bill 334 (Chs. 80 and 79)* increase, from three to five years, the length of time within which an application for a transfer of an alcoholic beverages license originally issued to a contract purchaser, an owner of the premises, or a developer must occur. The Acts also expand the circumstances under which the Baltimore County Board of License Commissioners may approve a change of location of an alcoholic beverages license.

**Multiple Class B Licenses:** *House Bill 1575 (passed)* (1) clarifies that the Baltimore County Board of License Commissioners may allow a person to obtain an interest in up to 12 Class B beer, wine, and liquor licenses regardless of the number of licenses issued in another jurisdiction or state; (2) repeals provisions related to the minimum dining seating capacity and the maximum size of a cocktail lounge or bar; (3) increases, from 40% to 49%, the maximum amount of sales in alcoholic beverages in connection with the business; (4) requires a restaurant that is issued a second or subsequent Class B beer, wine, and liquor license to have a minimum capital investment of \$250,000 for restaurant facilities; and (5) specifies that a second or subsequent Class B beer, wine, and liquor license does not confer an off-sale privilege.

### **Caroline County**

**Bed and Breakfast License:** *Senate Bill 1072/House Bill 1422 (both passed)* establish a seven-day Class B bed and breakfast on-sale beer, wine, and liquor license and authorizes the Caroline County Board of License Commissioners to issue a license to a license holder who is approved by the appropriate local governmental unit to operate a bed and breakfast that meets specified criteria. The license authorizes the license holder to sell beer, wine, and liquor for on-premises consumption to a guest of a catered event at the bed and breakfast under specified circumstances or at an event hosted by the license holder for which tickets are sold in advance.

### **Cecil County**

**Alcohol Awareness Program:** *Senate Bill 1057/House Bill 411 (Chs. 67 and 68)* require a license holder to ensure that (1) each employee in a supervisory capacity and each bartender are certified by an approved alcohol awareness program and (2) at least one certified individual is present during the hours in which alcoholic beverages may be sold. A license holder who violates these requirements is subject to, for a first offense, a \$100 fine. For each subsequent offense, the license holder is subject to a fine of up to \$500, a suspension or revocation of the license, or both. If at least five years has elapsed since a holder has been cited for a violation, a subsequent violation must be considered a first offense.

### **Dorchester County**

**Beer and Wine Festivals:** *Senate Bill 51/House Bill 297 (Chs. 55 and 54)* authorize the Dorchester County Board of License Commissioners to approve more than one beer and wine festival each year. The Acts require the board to approve, rather than choose, a location for a festival that is not already licensed, and prohibits the board from approving more than one festival for any one weekend.

**Class C Per Diem Licenses – Catering Club Events:** *Senate Bill 140/House Bill 298 (Chs. 57 and 56)* specify that a holder of a Class C per diem beer license, a Class C per diem beer and wine license, or a Class C per diem beer, wine, and liquor license may only cater an event conducted by a club.

**Place-of-worship or School Distance Restrictions:** *Senate Bill 3/House Bill 321 (Chs. 53 and 52)* exempt the issuance of a Class B (on-sale) beer, wine, and liquor license in the Town of Hurlock from the general prohibition against issuing an alcoholic beverages license to an establishment that is within 300 feet of a place of worship or a public or nonpublic school.

### **Frederick County**

**Arena License:** *Senate Bill 220/House Bill 506 (Chs. 93 and 94)* establish a Class B-A (arena) beer and wine license. The license authorizes the license holder to sell beer and wine by the drink on the campus of an institution of higher education from one or more outlets that the Frederick County Board of License Commissioners approves and for on-premises consumption at sporting and nonsporting events held at the institution.

**Banquet Facility License:** *Senate Bill 263/House Bill 507 (Chs. 95 and 96)* repeal the capital investment requirement for a Class B-BF (banquet facility) beer, wine, and liquor license. Instead, the Acts require a full commercial kitchen and adequate public bathroom facilities.

**Seating Requirement for Class B Licenses:** *Senate Bill 219/House Bill 501 (Chs. 91 and 92)* lower the minimum dining room seating capacity to 28 individuals from 50, for the following Class B license holders: (1) a Class B luxury-type restaurant in the Ballenger (23<sup>rd</sup>) election district; (2) a Class B beer, wine, and liquor hotel or motel license; and (3) a Class B beer, wine, and liquor hotel or restaurant license.

***Wine Privilege – Cheese and Deli Shops:*** *Senate Bill 447/House Bill 762 (both passed)* establish a cheese and deli shop wine privilege for Class A beer and wine license holders. The cheese and deli shop wine privilege authorizes a license holder to sell up to five ounces of wine by the glass for on-premises consumption by a customer while (1) purchasing items at the cheese and deli shop or (2) attending a fund-raising event at the cheese and deli shop for which a permit has been issued, if required by the Department of Permits and Inspections.

***Ethics and Campaign Activity – Governing Body, County Board and Commission Members, and Board of License Commissioners:*** *Senate Bill 289/House Bill 630 (both passed)* require specified board and commission members in the county, including the Frederick County Board of License Commissioners, to vacate their position on the board or commission after opening a campaign account under State campaign finance law. For a further discussion of *Senate Bill 289* and *House Bill 630*, see the subpart “Ethics” within Part C – State Government of this *90 Day Report*.

### **Garrett County**

***Alcoholic Beverages Act of 2018:*** *House Bill 1401 (passed)* establishes the Garrett County Beer and Wine Festival, and authorizes the festival organization to conduct the festival annually on the second Saturday of September under the supervision of the Garrett County Board of License Commissioners. The bill also establishes the following alcoholic beverages licenses: (1) an art establishment license; (2) a Class C beer and wine street festival license; (3) a beer and wine festival license; and (4) a Class BWLT beer, wine, and liquor tasting license.

### **Harford County**

***Applications for Licenses and Transfers:*** *House Bill 901 (Ch. 135)* alters the ownership requirements for applicants for several classes of alcoholic beverages licenses on behalf of a corporation, unincorporated entity, or limited liability company and transfers of specified alcoholic beverages licenses.

***Class DBR Licenses:*** *Senate Bill 441 (passed)* prohibits the Harford County Board of License Commissioners from issuing more than two Class DBR licenses to the same person. The bill also authorizes a Class DBR license holder to sell beer brewed at the brewery for on- and off-premises consumption to the extent the license holder is allowed to do so under the holder’s Class 5 brewery license.

***Clubs, Firehouses, and Multiple Event Licenses:*** *House Bill 900 (Ch. 134)* authorizes a holder of specified Class C-1, C-2, or C-3 beer, wine, and liquor club license to sell or provide beer, wine, or liquor for on-premises consumption to nonmembers of the club and guests who attend an event. The Act also authorizes a fire department in the county to sell or provide beer and wine for on-premises consumption at an entertainment event held by the fire department or by a person who has rented or leased an area of the licensed premises for an event and guest. Lastly, the Act repeals the Class C-3 multiple event (on-sale) beer, wine, and liquor license.

**License Fees:** *House Bill 897 (Ch. 133)* repeals certain additional fees for Class BNR (newly opened restaurant) beer, wine, and liquor licenses with off-sale liquor privileges.

**Notice of Public Hearings on Regulations:** *House Bill 753 (Ch. 132)* authorizes the Harford County Board of License Commissioners to advertise hearings on proposed changes to alcoholic beverages regulations in at least one newspaper of general circulation published in the county and on the board's website, rather than in at least two newspapers of general circulation in the county.

**Per Diem Licenses:** *House Bill 743 (passed)* authorizes a simple majority of the members of the Harford County Board of License Commissioners to act to approve or deny an application for a per diem license. The bill also prohibits the board from requiring the publication of an application for a per diem license as a prerequisite to issuing the license.

**Social Organization:** *House Bill 1498 (Ch. 137)* authorizes the Harford County Board of License Commissioners to issue a six- or seven-day Class C-3 beer, wine, and liquor license to a social organization that meets specified criteria. The social organization may be operated for-profit or not-for-profit. A social organization granted a Class C-3 beer, wine, and liquor license may sell beer, wine, and liquor on Monday through Sunday, from 4 p.m. to 11 p.m.

**Stadium License:** *House Bill 1343 (passed)* repeals restrictions on a stadium beer, wine, and liquor license that (1) only allow an individual to serve liquor during a baseball game on the club level or in a dining area where patrons are seated and (2) prohibits a license holder from allowing a roving vendor to dispense beer in the stadium. The bill also repeals the requirement that the Harford County Board of License Commissioners only issue a stadium beer, wine, and liquor license to a stadium owned by the City of Aberdeen.

**Sunday Sales at a Bar or Counter:** *House Bill 1001 (Ch. 136)* repeals the prohibition against a holder of a (1) Class B beer and wine license; (2) Class C beer and wine license; (3) Class B beer, wine, and liquor license; (4) Class B-3 beer, wine, and liquor license; or (5) Class C-1, C 2, or C-3 beer, wine, and liquor license from selling alcoholic beverages at a bar or counter on Sunday.

**Wine Festival License – Repeal:** *House Bill 752 (Ch. 131)* repeals the wine festival (WF) license.

### Howard County

**Class 7 Micro-brewery License and Multiple Class B and Class BLX Beer, Wine, and Liquor Licenses:** *House Bill 1053 (Ch. 139)* authorizes the Comptroller to issue a Class 7 micro-brewery license to a license holder that holds no more than five (increased from two) Class B and no more than six (decreased from seven) Class BLX beer, wine, and liquor licenses. The Act increases, from two to five, the number of Class B (on-sale) beer, wine, and liquor licenses that may be issued to an individual or a person. The Act also allows the licensed premises for which a Class 7 micro-brewery license is issued to be separate from the restaurant premises for

which a Class B beer, wine, and liquor license is issued, but requires both premises to be under the same roof.

***Class C License and Class C and Class D Per Diem Entertainment Venue Licenses:*** ***House Bill 1325 (Ch. 142)*** establishes and sets criteria for (1) a seven-day Class C beer, wine, and liquor license; (2) a Class C per diem entertainment venue beer, wine, and liquor license; and (3) a Class D per diem entertainment venue beer, wine, and liquor license. Under the Act, “entertainment venue” means a facility that is used as a cinema, theater, amphitheater, concert hall, or sports stadium.

### **Kent County**

***Alcoholic Beverages – Licenses:*** ***Senate Bill 172/House Bill 300 (both passed)*** repeal the requirement in Kent County that the average daily receipts from the sale of food in a restaurant with a Class B BW or a Class B beer, wine, and liquor license must be at least 60% of the average daily receipts of the business. Instead, all restaurants must have average daily receipts from the sale of food of at least 25% of the average daily receipts of the business. The bills also repeal a beer or wine tasting license and replace it with a beer, wine, and liquor tasting license; set the hours of sale for specified licenses to be from 6 a.m. to 2 a.m. the following day; and clarify facility requirements for a Class B beer and wine license and a Class B beer, wine, and liquor license.

### **Montgomery County**

***Alcohol Modernization Act of 2018:*** ***House Bill 178 (Ch. 125)*** makes numerous changes to the alcoholic beverages law in Montgomery County including: (1) allowing county-owned dispensaries to sell wine in refillable containers and beer in refillable and nonrefillable containers; (2) lifting the prohibition against dispensaries selling soft drinks; (3) allowing certain licenses to be used in conjunction with a bowling alley or billiard hall; (4) allowing Class B beer, wine, and liquor licenses to be issued anywhere in the county; (5) expanding the hours of sale for many types of license; (6) repealing a prohibition against a pharmacy using or dispensing alcoholic beverages that are not purchased from the county; and (7) allowing an individual at least 18 years old and under the age of 21 years to be employed in the sale of liquor.

***Class 7 Micro-brewery License – Issuance:*** ***House Bill 146 (passed)*** adds the holder of a Class BD-BWL (beer, wine, and liquor) license to the list of license holders eligible to be issued a Class 7 micro-brewery license. The bill also specifies the privileges of certain license holders eligible to be issued a Class 7 micro-brewery license.

***Class C Per Diem Licenses:*** ***House Bill 148 (Ch. 120)*** authorizes the holder of a Class C per diem license to purchase alcoholic beverages from (1) a county Department of Liquor Control (DLC) warehouse; (2) a DLC-run dispensary; (3) a manufacturer with a self-distribution license or permit; or (4) a retail dealer licensed to sell for off-premises consumption.

***Basket of Cheer Permit:*** ***House Bill 159 (Ch. 122)*** establishes the basket of cheer permit. The permit must be issued (at no cost) by the Montgomery County Board of License Commissioners to the holder of a Class C per diem beer and wine license or a Class C per diem

beer, wine, and liquor license. The permit authorizes alcoholic beverages to be given out as prizes during a benefit performance.

**Country Club Off-sale Permit:** *House Bill 144 (Ch. 119)* establishes a country club off-sale permit. The Montgomery County Board of License Commissioners may issue the permit to the holder of a country club license and must set a fee for the permit, which is in addition to the annual fee for the country club license. The country club off-sale permit only allows the sale of wine by the bottle for off-premises consumption under specified circumstances. A holder of the permit may not hold more than 12 tasting events in a calendar year or 2 tasting events in a single month.

**Inspections, Food Sales Requirements, and Hours and Days of Sale:** *House Bill 177 (Ch. 124)* simplifies an existing food to alcohol sales ratio requirement for Class BD beer, wine, and liquor and Class D beer, wine, and liquor license holders. The Act also (1) authorizes alcoholic beverages to be sold using a Class BD beer, wine, and liquor license on a Sunday from 10 a.m. to 3 a.m. the following day when that following day is designated as a federal public holiday, instead of only on specified holidays; (2) decreases how often the licensed premises for certain alcoholic beverages licenses must be physically inspected during the initial license year; and (3) repeals a requirement that certain licensees submit monthly statements showing alcohol and food sales for the preceding month during the initial license year.

**Town of Kensington Alcoholic Beverages Licenses:** *House Bill 145 (passed)* makes numerous changes to the manner in which alcoholic beverages licenses are regulated in the Town of Kensington, including prohibiting the Comptroller from issuing more than two Class 7 micro-brewery licenses to holders of Class D beer and wine licenses in the town. The bill also expressly authorizes the Montgomery County Board of License Commissioners to issue a catering extension to a person that has a Class B-K beer, wine, and liquor license in Kensington. The number and type of licenses that may be issued for use in certain commercial areas in Kensington are changed so that a total of four licenses may be issued, instead of three. The licenses may be Class A-K (off-sale) beer and wine licenses, Class D-K beer licenses, and Class D-K beer and wine licenses. The holders of these licenses are authorized to sell single bottles or cans of beer and sell refrigerated products; however, they are still not allowed to advertise alcoholic beverages in a publicly visible location. The bill also alters the ratio of gross receipts between certain food and alcoholic beverages for a Class B-K license holder.

### **St. Mary's County**

**Leonardtown – Disposition of Alcoholic Beverages Licenses Fees:** *House Bill 107 (Ch. 107)* codifies current practice by clarifying that the county treasurer must pay over to the Commissioners of Leonardtown specified fees received for all licenses issued for premises “within the limits of the incorporated Town of Leonardtown,” instead of premises “in Leonardtown.”

**Per Diem Beer License Fee:** *House Bill 105 (Ch. 106)* codifies current practice by specifying that the fee for a Class C per diem beer license is \$10 per period for which the license is issued, instead of \$10 per day.

### Washington County

**Per Diem Licenses:** *Senate Bill 322/House Bill 1320 (Chs. 98 and 97)* repeal the Class C per diem beer, Class C per diem beer and wine, and Sunday picnic alcoholic beverages licenses. The Acts also alter provisions relating to the Class C per diem beer, wine, and liquor license and expand the eligibility for the license to include a corporation, a society, an organization, an association, or any other entity that does not have an annual on-sale beer, wine, and liquor license and has nonprofit status or a federal identification number. A separate Class C per diem beer, wine, and liquor license is required for each day of a multiple day event.

**Serving Underage Individuals – Penalties:** *Senate Bill 324 (passed)* alters provisions relating to the serving or providing alcoholic beverages to an individual under the age of 21 by (1) removing the defense that the individual was not a resident of the State; (2) altering the existing tiered penalty structure for an employee who violates the prohibition; and (3) establishing additional penalties for an employee’s failure to pay any fine imposed. The bill also prohibits the Washington County Board of License Commissioners from proceeding administratively against an employee of a license holder until after an employee is granted probation before judgment or found guilty.

**Tasting Licenses:** *Senate Bill 340/House Bill 1156 (both passed)* authorize the Washington County Board of License Commissioners to issue existing beer, wine, and liquor tasting licenses to a holder of *any* class of beer, wine, and liquor licenses, instead of just certain Class A and Class B licenses. The bills modify existing tasting license requirements pertaining to license fees, consumption limits, and time restrictions on tasting events.



# Part I

## Financial Institutions, Commercial Law, and Corporations

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### Financial Institutions

#### Nondepository Special Fund

The Nondepository Special Fund was created by Chapter 341 of 2016, which consolidated three existing special funds (the Mortgage Originators Special Fund, the Debt Management Special Fund, and the Money Transmission Special Fund) into the new fund. Licensing and other fees received by the Commissioner of Financial Regulation from mortgage originators, debt management providers, and money transmitters are deposited into the new fund.

*House Bill 187 (passed)* requires licensing, investigation, and examination fees and assessments received by the commissioner or the State Collection Agency Licensing Board from other nondepository financial institutions (collection agencies, consumer lenders, installment lenders, sales finance companies, mortgage lenders, check cashiers, and credit services businesses) to be deposited into the new fund, rather than the General Fund. No changes to any licensing or other fees occur from this change. Fines and penalties collected by the commissioner or the board continue to be paid into the General Fund.

#### Maryland Financial Consumer Protection Commission

Chapter 18 and Chapter 781 of 2017 established the Maryland Financial Consumer Protection Commission to assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act; and to provide recommendations for federal and State actions that will protect the residents of the State in financial transactions and when receiving financial services. The General Assembly passed several bills related to the commission recommendations.

One of the bills, *House Bill 1297 (passed)*, implements the commission recommendations related to consumer lending. The bill strengthens the interest and usury laws that prohibit an unlicensed person from making a consumer loan. For a more detailed discussion of this bill and

other bills related to the commission recommendations, see the subparts “Commercial Law – Generally” and “Commercial Law – Consumer Protection” within this part of this *90 Day Report*.

## **Commercial Law – Generally**

### **Credit Regulation**

#### **Escrow Accounts for Water and Sewer Facilities Assessments**

Water and sewer facilities assessments are also known as front foot benefit fees and are different from the quarterly water charges assessed to Maryland homeowners. When county governments installed water and sewer lines in subdivisions, they would recoup the cost of that construction through a front foot benefit charge, in addition to the property tax bill. Most counties no longer install water and sewer facilities in subdivisions and the developer of the subdivision is tasked with this responsibility instead. The developer then ensures that the cost of construction is recouped from homeowners over a period of years, similar to the previous county systems. The quarterly water bill pays for water and sewer usage but, unless a special assessment indicates otherwise, it does not cover the cost for construction of water treatment and sewer facilities.

*Senate Bill 755 (passed)* authorizes, on request of a borrower, a lending institution that makes a loan secured by a first mortgage or first deed of trust on the borrower’s residential real property to create an escrow account in connection with that loan solely for the payment of “water and sewer facilities assessments.” A servicer must make timely payment of the water and sewer facilities assessment due if the mortgagor has paid an amount sufficient to pay the assessment due and the servicer is in possession of the assessment bill. Failure to make the required timely payment is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

#### **Mortgage Broker Finder’s Fees**

A “finder’s fee” is any compensation or commission directly or indirectly imposed by a broker and paid by or on behalf of the borrower for the broker’s services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan or advance of money. A mortgage broker may charge a finder’s fee of up to 8% of the amount of the loan or advance. A mortgage broker obtaining a mortgage loan on the same property more than once in a 24-month period may charge a finder’s fee only on that part of the loan that exceeds the initial loan. This limitation does not apply to fees and charges otherwise permitted under State law or attorney’s fees, unless the attorney is functioning as a mortgage broker.

*Senate Bill 566/House Bill 1511 (both passed)* authorize a mortgage broker who obtains a mortgage loan on the same property more than once in a 24-month period to charge a finder’s fee if the fee is not in excess of 8% of the initial loan amount when combined with the finder’s fee charged on the initial loan and on any other finder’s fee collected during that 24-month period.

## **Maryland Antitrust Act**

The Maryland Antitrust Act is designed to promote fair and honest competition, free of conspiracies, combinations, or agreements which unreasonably restrain trade or commerce. The State’s antitrust laws are complementary to the federal Sherman Antitrust Act. A person whose business or property has been injured or threatened with injury by a violation of the State’s antitrust provisions may maintain an action for damages, an injunction, or both against any person who committed the violation. The United States, the State, or any of the State’s political subdivisions may bring an action, regardless of whether it dealt directly or indirectly with the person who violated the State’s antitrust provisions. *Senate Bill 891/House Bill 1544 (both passed)* alter the maximum civil penalty for a violation of the Maryland Antitrust Act by reducing the maximum civil penalty from \$100,000 to \$10,000 for each violation and establishing that each day that a violation continues is a separate violation.

## **Military Service Members**

Most consumer protections for military service members are provided at the federal level; however, certain federal protections do not apply to members of the National Guard. Instead, State law extends these federal protections to National Guard members, including the protections of the federal Service Members Civil Relief Act. *House Bill 1614 (passed)* authorizes a military service member, including a member of the National Guard, to terminate or suspend certain consumer-related contracts when called into military service. Under the bill, a military service member who terminates, suspends, or reinstates a consumer contract for certain services (1) may not be charged a penalty, fee, loss of deposit, or any other additional cost; and (2) is not liable for payment for any services after the effective date of the termination or suspension, until the effective date of any reinstatement of services. A service member who terminates or suspends a service may reinstate the service on the same terms and conditions as originally agreed to before the termination or suspension.

## **Maryland Financial Consumer Protection Commission**

### **Financial Consumer Protection Act of 2018**

Chapters 18 and 781 of 2017 established the Maryland Financial Consumer Protection Commission (MFCPC) to (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) provide recommendations for federal and State actions that will protect the residents of the State in financial transactions and when receiving financial services. *Senate Bill 1068 (passed)* and *House Bill 1634 (passed)* generally implement the recommendations in the interim report of MFCPC. For a more detailed discussion of these bills, see the subpart “Commercial Law – Consumer Protection” within this part of this *90 Day Report*.

## Consumer Lending

In January 2018, MFCPC released an interim report recommending changes to Maryland consumer and payday lending laws. According to the report, Maryland has been at the forefront of payday lending consumer protection laws. Generally, traditional payday loans that do not exceed \$6,000 have a maximum annual percentage rate (APR) of 33%. Lending practices continue to evolve, however, and in some instances, financial institutions have found ways to avert the law to charge interest rates that exceed the intended 33% APR for small loans. For example, many lenders are now structuring payday loans not as loans, but rather as unsecured, open-end credit plans. Such changes in loan classification and structure may have been created by lenders to circumvent caps on interest rates and fees.

MFCPC recommended (1) increasing the amount considered as a small loan and considered as a retail installment loan, particularly as these amounts have not been increased in State law since 1975 and 1977, respectively, and (2) specifying in the consumer law that contracts would be expressly void for specified violations. Loans made under the Maryland Consumer Loan Law (MCLL) provide more protections for consumers.

*Senate Bill 1068* and *House Bill 1297* establish new requirements within the interest and usury sections of the Commercial Law Article for a “covered loan” that prohibit an unlicensed person from making such a loan. In addition, the bills increase from \$6,000 to \$25,000 the threshold below which a loan is subject to small lending requirements within the MCLL and prohibit a person from lending \$25,000 or less if the person is not licensed under (or exempt from) requirements under MCLL. The bills also (1) increase the threshold whereby retail installment sales requirements apply to all tangible personal property from a cash price of \$25,000 to a cash price of \$100,000 and (2) establish that specified violations result in a loan becoming void as well as unenforceable.

## Commercial Law – Consumer Protection

### Financial Consumer Protection

#### Financial Consumer Protection Act of 2018

Chapters 18 and 781 of 2017 established the Maryland Financial Consumer Protection Commission (MFCPC) to (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) provide recommendations for federal and State actions that will protect the residents of the State in financial transactions and when receiving financial services. In January 2018, MFCPC issued its interim report, which included over 15 recommendations regarding strengthening financial consumer protection laws for Marylanders. *Senate Bill 1068 (passed)* and *House Bill 1634 (passed)* generally implement the recommendations in the interim report of MFCPC.

**Maryland Consumer Protection Act:** The bills expand the definition of “unfair and deceptive trade practices” under the Maryland Consumer Protection Act (MCPA) to include “abusive” practices. In addition, the bills expand MCPA to include violations of the Military Lending Act and the federal Service Members Civil Relief Act.

**Debt Collection:** The bills prohibit a person from engaging in unlicensed debt collection activity in violation of the Maryland Collection Agency Licensing Act, or from engaging in any conduct that violates §§ 804 through 812 of the federal Fair Debt Collection Practices Act.

**Enforcement and Penalties:** The bills increase the maximum civil penalties that may be imposed for several types of violations, as shown in **Exhibit I-1**. In general, [Senate Bill 1068](#) and [House Bill 1634](#) harmonize the penalties for initial and subsequent violations and set the maximum penalty at \$10,000 for an initial violation and \$25,000 for subsequent violations.

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**Exhibit I-1**  
**Maximum Civil Penalties for Violations Modified by**  
**[Senate Bill 1068](#) and [House Bill 1634](#)**

	Current Penalty		Proposed Penalty	
	<u>Initial Violation</u>	<u>Subsequent Violation</u>	<u>Initial Violation</u>	<u>Subsequent Violation</u>
MCPA	\$1,000	\$5,000	\$10,000	\$25,000
OCFR General Enforcement	1,000	5,000	10,000	25,000
Mortgage Lenders	5,000	5,000*	10,000	25,000*
Mortgage Loan Originators	5,000	5,000*	10,000	25,000*
Check Cashers	1,000	5,000	10,000	25,000
Money Transmitters	1,000	5,000*	10,000	25,000*
Debt Management Services	1,000	1,000*	10,000	25,000*

\*The maximum penalty is for each violation (rather than each subsequent violation) from which the violator failed to cease and desist or take affirmative action to correct.

MCPA: Maryland Consumer Protection Act

OCFR: Office of the Commissioner of Financial Regulation

Source: Department of Legislative Services

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Similarly, the bills increase the maximum penalty the State Collection Agency Licensing Board may impose against a licensed collection agency for a violation of a lawful order by the board. Specifically, the maximum penalty imposed for each violation cited increases from

\$500 to \$10,000, and the total amount that may be imposed increases from a maximum of \$5,000 to \$25,000.

The bills also require the Governor to include a general fund appropriation in the State budget of at least \$700,000 for the Office of the Attorney General (OAG) and \$300,000 for the Office of the Commissioner of Financial Regulation (OCFR), to be used for specified enforcement activities. In addition, the bills require OAG and OCFR to use their authority under a specified section of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), whenever considered appropriate, to bring civil actions or other appropriate proceedings authorized under Dodd-Frank.

***Student Loan Ombudsman:*** The bills require OCFR to designate an individual to serve as the Student Loan Ombudsman. Each student loan servicer in the State must designate an individual to represent the student loan servicer in communications with the ombudsman.

The ombudsman (in consultation with OCFR) must receive and process complaints about student education loan servicing, including receiving and reviewing complaints from student loan borrowers; attempt to resolve complaints; and compile and analyze complaint data. In addition, the ombudsman (in consultation with OCFR) must disseminate information about student education loans and servicing by helping borrowers understand their rights and responsibilities, providing information to the public and others, and disseminating information about the ombudsman.

The ombudsman may refer any matter that is abusive, unfair, deceptive, or fraudulent to OAG for civil enforcement or criminal prosecution.

The bills also require the ombudsman to take other specified actions and, on or before January 1 each year, report its findings and recommendations to the General Assembly. In addition, by October 1, 2019, the ombudsman must establish a student loan education course that includes educational presentations and material about student loans.

***Required Studies:*** The bills require OCFR to conduct a study to assess whether the commissioner has enough statutory authority to regulate “Fintech” firms or technology driven nonbank companies who compete with traditional methods in the delivery of financial services. OCFR must report to the General Assembly by December 31, 2019, on its findings and recommendations for legislative proposals to regulate Fintech firms.

The bills also require MFCPC to study:

- cryptocurrencies, initial coin offerings, cryptocurrency exchanges, and other blockchain technologies;
- the Consumer Financial Protection Bureau arbitration rule and the Model Consumer and Employee Justice Enforcement Act;

- the possible exemption of retailers of manufactured homes from the definition of “mortgage originator” in federal law; and
- the U.S. Department of Labor rule and actions of the U.S. Securities and Exchange Commission in addressing conflicts of interest in broker-dealers offering investment advice by aligning the standard of care for broker-dealers with that of the fiduciary duty of investment advisors.

MFCPC must include related recommendations in its 2018 report to the Governor and the General Assembly.

**Consumer Lending:** *Senate Bill 1068* and *House Bill 1297 (passed)* implement several recommendations made by MFCPC that relate to consumer lending. For a more detailed discussion of these bills, see the subpart “Commercial Law – Generally” within this part of this *90 Day Report*.

### **Consumer Reporting Agencies**

According to OCFR, in September 2017, Equifax, one of the largest consumer reporting agencies (CRAs), disclosed that its security systems had been breached and that consumer credit information was improperly accessed. Approximately 143 million people, including nearly 3 million Maryland residents, were affected by the breach. OCFR notes that, in the aftermath of the breach, many Maryland residents were unable to exercise their rights under State law in a timely manner.

**Regulation:** *House Bill 848 (passed)* expands regulation of CRAs under the Maryland Credit Reporting Agencies Act (MCRAA). The bill codifies an existing regulatory requirement that CRAs must register with the OCFR; establishes a process for receiving and investigating complaints about CRAs; imposes a surety bond requirement on CRAs; and allows OCFR to recoup investigation costs. The bill also increases the maximum civil monetary penalty to \$1,000 for the first violation of MCRAA and \$2,500 for each subsequent violation of MCRAA and authorizes the imposition of a civil penalty instead of or in addition to any other action that may be taken.

**Security Freezes:** State law defines a “security freeze” as a restriction placed on a consumer’s consumer report at the request of the consumer that prohibits a CRA from releasing the report, or any information derived from the report, without the authorization of the consumer. A consumer reporting agency may charge a reasonable fee (of up to \$5) for each placement, temporary lift, or removal of a security freeze. A consumer reporting agency may not charge a fee for a security freeze to a consumer who has obtained a report of alleged identity fraud or for a minor younger than age 16 for whom a consumer report already exists. In addition, a consumer reporting agency may not charge a fee for a placement of a security freeze if the consumer has not previously requested one.

State law also allows a protected consumer's representative to request a security freeze. A "protected consumer" is an individual younger than age 16 at the time a security freeze request is made, or an incapacitated or protected person for whom a guardian or conservator has been appointed.

**House Bill 848** requires CRAs to develop secure connections to process electronic requests for placing, lifting, or removing a security freeze and expands the definition of a "protected consumer" to include the elderly (age 85 or older), specified members of the military, and incarcerated persons. Additionally, **Senate Bill 202/House Bill 710 (both passed)** and **Senate Bill 1068** prohibit a CRA from charging a consumer or a protected consumer's representative a fee for a placement, removal, or temporary lift of a security freeze.

## **Fraud and Personal Information Protection**

### **Internet Service Providers**

In 2016, the Federal Communications Commission (FCC) adopted rules that required broadband Internet service providers (ISPs) to protect the privacy of their customers. According to the FCC, the rules established a framework of customer consent required for ISPs to use, sell, and share their customers' personal information. The rules included guidance for both ISPs and customers about the transparency, choice, and security requirements for customers' personal information. The rules were originally scheduled to take effect in 2017. However, in early 2017, the U.S. Congress approved a resolution of disapproval nullifying the FCC rules. The President signed the resolution on April 3, 2017.

State law does not generally regulate Internet privacy. **House Bill 1654 (failed)** would have established requirements related to Internet privacy in the State, including (1) the use, disclosure, sale, or provision of consumer data; (2) the protection of consumer data; and (3) enforcement of the bill's requirements by the Consumer Protection Division in OAG. The bill also would have prohibited the use of State funds to procure services from an ISP that blocks specified content, impairs or degrades lawful Internet traffic, or engages in commercial traffic preferencing.

### **Caller ID Spoofing**

Under the Truth in Caller ID Act, FCC rules prohibit any person or entity from transmitting misleading or inaccurate caller ID information with the intent to defraud, cause harm, or wrongfully obtain anything of value. **House Bill 1090 (passed)** prohibits an individual or person from performing caller ID spoofing when contacting another individual in the State with the intent to defraud, harass, cause harm to, or wrongfully obtain something of value from another. The bill defines "caller ID spoofing" as the practice of using an application or other technology in connection with a communications service, including a telecommunications, broadband, or interconnected Voice over Internet Protocol service, to knowingly cause a caller identification service to transmit false or misleading caller identification information to an individual receiving a call. A violation of the bill is an unfair or deceptive trade practice under MCPA and is subject to MCPA's civil and criminal penalty provisions.

## Other Consumer Protection Issues

### Ticket Website Domain Names

A “ticket website” is a website advertising or offering the sale or resale of tickets. It also includes a website facilitating a secondary ticket exchange or electronic marketplace that enables consumers to sell, purchase, and resell tickets to an entertainment event in the State. In recent years, ticket resellers have been criticized for misleading consumers by claiming, among other things, to be official ticket sellers. As a result, consumers have sometimes overpaid for tickets. *Senate Bill 693/House Bill 740 (both passed)* prohibit a person who owns, operates, or controls a ticket website from using in the Uniform Resource Locator (URL) a “lower-level domain name” that contains, or is substantially similar to the venue name or the event name, including the name of an individual or a group performing or appearing at the event. The bills do not apply to a person who is acting on behalf of a venue. A violation of the bills is an unfair or deceptive trade practice under MCPA and is subject to MCPA’s civil and criminal penalty provisions.

### Asset Recovery for Exploited Seniors

Chapter 114 of 2016 authorized the Division of Consumer Protection in OAG to bring a civil action for damages against a person who violates the State’s prohibitions on exploitation of a vulnerable adult on behalf of a victim of the offense or, if the victim is deceased, the victim’s estate. *House Bill 1506 (passed)* extends this authority to the Securities Commissioner of the Division of Securities of OAG. Under the bill, the commissioner may recover damages for property loss or damage. If the commissioner prevails in an action brought under the bill’s provisions, the commissioner may recover the costs of the action for the use of OAG. A conviction for the criminal offense is not a prerequisite for maintenance of an action under the bill.

## Corporations and Associations

### Transfer of Assets and Exchange of Shares of Stock

Under current law, a Maryland corporation that transfers “all or substantially all” of its assets must obtain approval of its stockholders and file articles of transfer with the State Department of Assessments and Taxation (SDAT). *Senate Bill 659 (passed)* repeals provisions of law requiring the execution and filing of articles of transfer and makes additional conforming changes. The bill allows the transfer of assets and the liability of a successor for the debts and obligations of a transferor to be governed by an agreement between the transferor and the successor, rather than by articles of transfer. The bill also specifies that, unless the charter or bylaws of a corporation provide otherwise, stockholder approval is not required for the transfer of assets by a corporation that is dissolved.

## Consolidation, Merger, and Conversions of Nonstock Corporations

A nonstock corporation may consolidate or merge only with another nonstock corporation. A consolidation, merger, or transfer of assets of a nonstock corporation must be completed in accordance with requirements under Title 3 of the Corporations and Associations Article. Except as specified, a proposed consolidation, merger, or transfer of assets of a nonstock corporation organized to hold title to property for a labor organization, and for related purposes, must be approved by the same affirmative vote of the members of the corporation that the constitution or bylaws of the labor organization requires for the same action. Chapter 674 of 2017 authorized domestic nonstock corporations to convert into foreign nonstock corporations but did not specifically authorize foreign nonstock corporations to convert into domestic nonstock corporations.

*Senate Bill 41 (Ch. 100)* establishes that (1) a Maryland nonstock corporation may convert only into a foreign corporation that does not have authority to issue stock; (2) a foreign corporation that does not have authority to issue stock may convert into a Maryland nonstock corporation; and (3) a foreign corporation that does not have authority to issue stock may not convert into a Maryland corporation that has authority to issue stock.

## Quantity and Resignations of Resident Agents

Corporations, limited liability partnerships, limited partnerships, and statutory trusts are required to have a principal office in this State and at least one resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

Limited liability companies and foreign corporations, in addition to other requirements, are required to have a resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

*Senate Bill 82 (Ch. 101)* requires corporations, limited liability partnerships, limited partnerships, and statutory trusts to have a resident agent, rather than at least one resident agent. The Act also alters the effective date of a resident agent's resignation for these entities as well as for limited liability corporations and foreign corporations to reflect these entities having only one resident agent.

The Act establishes that, for specified entities, a resident agent's resignation is effective (1) if the entity has appointed a successor at the time the resignation is filed with SDAT or (2) if the entity has not appointed a successor, 10 days after the resignation is filed with SDAT.

## **Processing Fees**

Business entities are required to file specified documents with SDAT including: articles of incorporation; articles of amendment; articles of extension; articles of restatement of charter; articles of amendment and restatement; articles supplementary; articles of share exchange; articles of consolidation, merger, or transfer; articles of dissolution; articles of revival for stock corporation; articles of revival for nonstock corporation; articles of conversion; and articles of dissolution. These entities are required to pay a \$100 nonrefundable processing fee for the specified documents. In addition, a \$5 nonrefundable processing fee must be paid for the return of an original document.

In recent years, SDAT has begun scanning documents that are submitted to the department for processing and making the scanned documents available for free on the department's website. SDAT advises that a document downloaded from the website has the same legal effect as an original document, which mitigates the need for SDAT to return original documents. Accordingly, *Senate Bill 9 (Ch. 44)* repeals the requirement that persons filing specified documents with SDAT pay a \$5 nonrefundable processing fee to have an original document returned to them.



## Part J

### Health and Human Services

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#### Public Health – Generally

##### Opioids and Other Controlled Dangerous Substances

The rate of opioid-related deaths continues to rise at an alarming rate. According to the Maryland Department of Health (MDH), between 2015 and 2016, prescription opioid-related deaths in Maryland increased by 19% (from 351 to 418), heroin-related deaths increased by 62% (from 748 to 1,212), and fentanyl-related deaths increased by 229% (from 340 to 1,119). Between January and June 2017, there were 799 deaths related to fentanyl, a 70% increase over the same time period for 2016, and 46 deaths related to carfentanil, a drug used as an elephant tranquilizer, a substance which first appeared as a cause of death in April 2017.

On March 1, 2017, the Governor declared a state of emergency in response to the opioid epidemic in the State and announced \$10.0 million in new funding over a five-year period for a total of \$50.0 million to support Maryland's prevention, recovery, and enforcement efforts. The Governor has continued to extend the state of emergency, with the most recent extension effective until April 26, 2018.

Numerous bills were introduced during the 2018 session to address the opioid epidemic in the State. *House Bill 359 (passed)* authorizes an emergency medical services provider or law enforcement officer who treats and releases, or transports to a medical facility, an individual experiencing a suspected or actual overdose to report the incident using an appropriate information technology platform, including the Washington/Baltimore High Intensity Drug Trafficking Area overdose detection mapping application program.

Between January 1 and August 31, 2017, 2.5 million prescriptions for opioids were dispensed in Maryland. *Senate Bill 522/House Bill 653 (both passed)* require a health care provider to advise a patient of the benefits and risks associated with a prescribed opioid or co-prescribed benzodiazepine. *House Bill 922 (passed)* requires MDH to identify a method for establishing a tip line for a person to report a licensed prescriber who the person suspects is

prescribing or overprescribing certain medication. For a more detailed discussion of these bills, see the subpart “Health Occupations” within this part of this *90 Day Report*.

*Senate Bill 139 (passed)* alters requirements for certain institutions of higher education relating to policies on heroin and opioid addiction and prevention. For a more detailed discussion of this bill, see the subpart “Higher Education” within Part L – Education of this *90 Day Report*.

Several bills were also introduced to address controlled dangerous substances (CDS) in general. *Senate Bill 87 (passed)* updates the lists of Schedule I through V CDS in statute to reflect federal lists and State exceptions; authorizes MDH to impose a civil penalty for violations of the Controlled Dangerous Substances Act; and alters publication requirements for drug and prescription records impoundment notices.

Generally, hospice programs are required to set policies and talk to families about how to safely manage and dispose of medications. However, hospice programs have little control over prescription medications after a patient dies. The U.S. Drug Enforcement Administration encourages hospice staff to help families destroy leftover medications, but the agency forbids staff members from destroying medications themselves unless allowed by state law. *Senate Bill 232/House Bill 407 (both passed)* require a general hospice care program to establish a written policy for the collection and disposal of unused prescription medication and require a program employee to collect and dispose of a patient’s unused medication on the death of the patient or the termination of a prescription by the patient’s prescriber.

Chapter 166 of 2011 established the Prescription Drug Monitoring Program (PDMP) to assist with the identification and prevention of prescription drug abuse and the identification and investigation of unlawful prescription drug diversion. *House Bill 517 (passed)* expands an exemption from the requirement to query PDMP. A prescriber is not required to request data from PDMP when prescribing or dispensing an opioid or benzodiazepine to treat or prevent acute pain, for a period of up to 14 days, following a surgical procedure (rather than only surgical procedures in which general anesthesia was used).

## Medical Cannabis

The Natalie M. LaPrade Medical Cannabis Commission is responsible for the implementation of programs to make medical cannabis available to qualifying patients in a safe and effective manner. The commission oversees licensing, registration, inspection, and testing related to the State’s medical cannabis program and provides relevant program information to patients, physicians, growers, dispensers, processors, testing laboratories, and caregivers.

In August 2016, the commission announced the 15 growers and 15 processors who were awarded Stage One license pre-approvals. The commission announced 102 dispensaries who were awarded Stage One license pre-approvals in December 2016. Since the award announcement, there has been significant controversy surrounding two main issues: the decision to include geographic diversity as a final factor in choosing the grower finalists; and the fact that none of the 15 Stage One approved grower finalists were led by minorities. Several bills relating to the

composition of the commission and the number of grower and processor licenses, as well as licensing criteria and the approval process, were introduced but failed during the 2017 session.

In response to the controversy related to geographic, racial, and ethnic diversity in the licensing process, the Governor issued an executive order in April 2017 directing the Governor's Office of Small, Minority, and Women Business Affairs to initiate a disparity study of Maryland's regulated medical cannabis industry. An evaluation of U.S. Census North American Industry Classification System (NAICS) codes for the medical cannabis industry in Maryland concluded that a 2017 statewide disparity study covered the NAICS codes applicable to the medical cannabis industry in Maryland. Further, the evaluation found that there is a strong basis in evidence for applying race- and/or gender-conscious remedial measures, including the State's minority business enterprise program, to the types of work involved in the medical cannabis industry.

Legislation to alter the commission and medical cannabis industry was again introduced in the 2018 session. *House Bill 2 (passed)*, an emergency bill, requires outreach to encourage participation in the medical cannabis industry by small, minority, and women business owners. The bill requires the commission to promulgate emergency remedial regulations based on the results of a disparity study and provides that the commission may not review, rank, or evaluate an application for a license until the regulations are adopted. The bill also establishes a new license cap for growers, raising the current statutory cap from 15 to 22 grower licenses. The bill requires the commission to issue Stage One pre-approval for two medical cannabis growers from the license applications that were initially ranked by the Regional Economic Studies Institute in accordance with the numerical selection sequence for additional licenses adopted by the commission in August 2016. The bill also establishes a license cap of 28 processors. Beginning December 1, 2024, the commission may report to the General Assembly on the number of grower, processor, and dispensary licenses necessary to meet demand for medical cannabis by qualifying patients and caregivers, but the commission must provide the Legislative Policy Committee with at least 30 days to submit comments to the commission before submitting the report. The bill also establishes a new compassionate use fund to provide free or discounted medical cannabis to individuals enrolled in Medicaid or in the Veterans Administration Health Care System. The bill also alters and reconstitutes the membership of the commission, effective October 1, 2019.

*Senate Bill 874 (passed)* extends legal protections to a third-party vendor authorized by the Natalie M. LaPrade Medical Cannabis Commission to test, transport, or dispose of medical cannabis, medical cannabis products, or medical cannabis waste. The bill also clarifies that current legal protections apply to specified entities acting in accordance with the State's medical cannabis program for the medical use, or possession, of medical cannabis. *Senate Bill 1063/House Bill 1035 (both passed)* prohibit a referral of a qualifying patient under the State's medical cannabis program from being made by any person or entity who has any specified employment or compensation interest in facilitating a person to become a qualifying patient.

## Medicaid

### Overview

As shown in **Exhibit J-1**, funding for Medicaid provider reimbursements, including behavioral health, increases by \$269.9 million, or 2.4%, over the adjusted fiscal 2018 working appropriation. General fund growth is more robust at 6.9%, or \$219.2 million, while reliance on special funds declines, primarily due to a \$30 million decline in the Medicaid Deficit Assessment.

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**Exhibit J-1**  
**Medicaid Provider Reimbursement Funding**  
**Fiscal 2017-2019**  
**(\$ in Millions)**

	<u>FY 2017</u>	<u>FY 2018*</u>	<u>FY 2019 Allowance</u>	<u>\$ Change FY 2018*-FY 2019</u>	<u>% Change FY 2018*-FY 2019</u>
General Funds	\$3,006.1	\$3,181.1	\$3,400.2	\$219.2	6.9%
Special Funds	963.7	991.4	950.0	-41.4	-4.2%
Federal Funds	6,636.1	6,969.5	7,059.3	89.8	-1.3%
Reimbursable Funds	70.5	75.2	77.5	2.3	3.1%
<b>Total</b>	<b>\$10,676.4</b>	<b>\$11,217.1</b>	<b>\$11,487.0</b>	<b>\$269.9</b>	<b>2.4%</b>

\*working appropriation

Note: Funding for Medicaid provider reimbursement programs only. Deficiency appropriations are ascribed to the appropriate fiscal year. Fiscal 2019 data also assumes funding of a rate increase for nursing home and home- and community-based services at 3% (see text for additional details).

Source: Department of Legislative Services

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The major driver of growth in the Medicaid budget is provider rates. As detailed in **Exhibit J-2**, provider rate increases assumed in the fiscal 2019 budget total \$216.9 million. Of this amount, \$35.2 million (\$17.2 million general funds, \$18.0 million federal funds) is to increase rates for nursing homes and various home- and community-based services to 3% from the 1% budgeted amount. This increase relies on the use of \$17.2 million of general funds transferred from the Rainy Day Fund that are restricted for the purpose of providing the rate increase. However, the Governor is not required to release these restricted funds.

**Exhibit J-2**  
**Medicaid**  
**Fiscal 2019 Rate Increases**  
**(\$ in Millions)**

Managed Care Organization Annualization of Calendar 2018 Increase (3.8%)	\$91.5
Nursing Homes (3%)	36.2
Behavioral Health (3.5%)	29.4
Inpatient and Outpatient (2.1%)	26.2
Physician Evaluation and Management Rates (3%)	17.3
Community First Choice (3%)	8.8
Medical Day Care (3%)	3.7
Private Duty Nursing (3%)	3.2
Home- and Community-based Services (3%)	0.7
<b>Total</b>	<b>\$216.9</b>

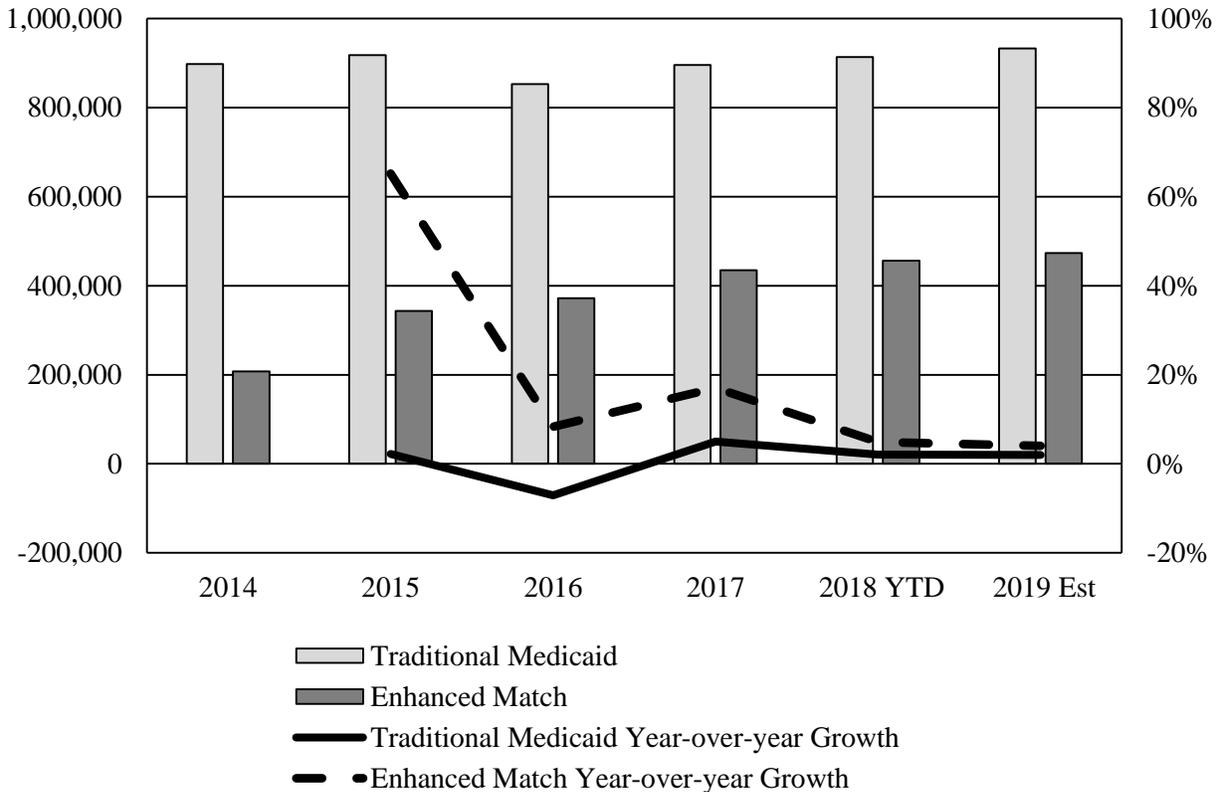
Note: Personal assistance rates increase by 3%, but the increase is nominal. Nursing home and other home- and community-based rate increases assume release of restricted funds to increase rates from 1% to 3%.

Source: Department of Legislative Services

Other major increases in funding include: \$139.4 million for enrollment and utilization (with utilization growth more pronounced in behavioral health services); \$89.4 million to better align estimates for the extent of pharmacy rebates earned to more recent actuals; \$21.0 million for additional Medicare Part A and B premium assistance; and \$20.1 million to support higher enrollment and utilization in the Community First Choice Program.

As shown in **Exhibit J-3**, the budget assumes nominal enrollment growth between fiscal 2018 year-to-date and the fiscal 2019 estimate of 2.7%, or an average monthly enrollment increase of just under 37,000. In total, the fiscal 2019 Medicaid budget is expected to cover 1.41 million individuals, up from 1.37 million in fiscal 2018 year-to-date. Also shown in the exhibit, after significant fluctuations in enrollment between fiscal 2014 and 2017 due to a combination of significant growth in the new Affordable Care Act (ACA) expansion population and a drop in overall enrollment in fiscal 2016 resulting from the transition to the new exchange eligibility system, enrollment growth appears to have stabilized at a relatively low level. Additionally, enrollment growth in the traditional Medicaid population has remained much slower than that of the eligibility groups for which the State receives an enhanced federal match (ACA expansion and Maryland Children’s Health Program), reducing pressure on State funds.

**Exhibit J-3  
Medicaid Average Monthly Enrollment  
Fiscal 2014-2019 (Est.)  
Various Data**



Note: Fiscal 2018 year-to-date enrollment is through March 2018. Fiscal 2019 enrollment estimate is by the Department of Legislative Services.

Source: Department of Legislative Services

Finally, it is important to note that the level of spending supported by the fiscal 2019 budget requires the achievement of \$138.2 million in savings from four cost containment actions: \$107.4 million from a data matching initiative to ensure that Medicaid enrollees are actually eligible for the program; \$25.6 million by eliminating reimbursement for more expensive drug screening services that have not been shown to be more effective than cheaper alternatives; \$4.0 million from automatically assigning new enrollees to a managed care organization; and \$1.2 million as a result of limiting payment for hospital observations to 24 hours.

## Legislation

*Senate Bill 774/House Bill 994 (both passed)* require MDH to apply for a State Plan Amendment to expand the Medicaid Family Planning Waiver Program. By October 1, 2020, MDH, in collaboration with the Maryland Health Benefit Exchange, must establish a presumptive eligibility process for the program and integrate the eligibility and enrollment process into the Maryland Health Connection. Medicaid and the Maryland Children’s Health Program must provide coverage to an enrollee for a single dispensing of a 12-month supply of prescription contraceptives.

*Senate Bill 284 (passed)* requires MDH, by September 1, 2018, to apply to the federal Centers for Medicare and Medicaid Services for an amendment to the State’s § 1115 HealthChoice Demonstration Waiver to implement a pilot program to provide limited dental coverage for adult Medicaid recipients. MDH must meet with interested stakeholders to obtain input on the design of the waiver application.

*Senate Bill 835/House Bill 1682 (both passed)* establish a Collaborative Care Pilot Program for a collaborative care model in primary care settings in which health care services are provided to HealthChoice Medicaid recipients. MDH must apply for an amendment to the State’s § 1115 HealthChoice Demonstration Waiver if necessary to implement the pilot program.

*Senate Bill 660/House Bill 1280 (both passed)* require MDH to establish a demonstration program to cover health care services not covered by Medicaid that are provided to individuals who (1) are 21 to 64 years of age; (2) are enrolled in the Employed Individuals with Disabilities Program; and (3) have a qualifying condition as determined by the Secretary of Health. By December 1, 2020, MDH must submit a report to the Governor and specified committees of the General Assembly on the program.

*Senate Bill 704 (passed)* requires that, if MDH specifies by regulation the types of health care providers eligible to receive reimbursement for Medicaid telemedicine services, the types of providers must include psychiatrists providing assertive community treatment (ACT) or mobile treatment services (MTS) in a home- or community-based setting. The bill also specifies that ACT and MTS, for purposes of reimbursement and any fidelity standards established by MDH, are equivalent to the same health care service when provided through in-person consultation.

## Behavioral Health

### Services and Programs

The Maryland Behavioral Health Crisis Response System is required to (1) operate a statewide network utilizing existing resources and coordinating interjurisdictional services to develop efficient and effective crisis response systems to serve all individuals in the State, 24 hours a day and seven days a week; (2) provide skilled clinical intervention to help prevent suicides, homicides, unnecessary hospitalizations, arrests, or detention, and to reduce dangerous or threatening situations involving individuals in need of behavioral health services; and (3) respond quickly and effectively to community crisis situations.

*Senate Bill 703/House Bill 1092 (both passed)* establish a Behavioral Health Crisis Response Grant Program in MDH to provide funds to local jurisdictions to establish and expand community behavioral health crisis response systems. The Governor must include the following appropriations in the State operating budget for the program: (1) \$3.0 million for fiscal 2020; (2) \$4.0 million for fiscal 2021; and (3) \$5.0 million for fiscal 2022. The program must award competitive grants to local behavioral health authorities to establish and expand behavioral health crisis response programs and services that (1) serve local behavioral health needs for children, adults, and older adults; (2) meet national standards; (3) integrate the delivery of mental health and substance use treatment; and (4) connect individuals to appropriate community-based care in a timely manner on discharge.

*Senate Bill 977/House Bill 1517 (both passed)* require the Director of the Behavioral Health Administration (BHA), by December 1 of each year, to submit a specified report on behavioral health services for children and young adults in the State. The Social Services Administration of the Department of Human Services must also, by December 1 of each year, submit a specified report on voluntary placement agreements for children and young adults in the State.

Peer recovery specialists provide direct peer-to-peer support services to individuals with mental health, substance use, or co-occurring disorders. Peer recovery specialists are certified through BHA, in conjunction with the Maryland Addiction and Behavioral Health Professional Certification Board. Under Medicaid, states have the option to offer peer support services as a component of the mental health and substance use service delivery system. *Senate Bill 765/House Bill 772 (both passed)* require the Secretary of Health to convene a stakeholder workgroup to make findings and recommendations on issues related to the reimbursement of certified peer recovery specialists, including whether statutory or regulatory changes are required and whether a Medicaid State Plan Amendment is required.

### **Mental Health Facilities: Admissions**

Under the Health-General Article, an application for involuntary admission of an individual to a facility or Veterans' Administration hospital may be made by any person who has a legitimate interest in the welfare of the individual. A facility or Veterans' Administration hospital may not admit an individual under involuntary admission unless (1) the individual has a mental disorder; (2) the individual needs inpatient care or treatment; (3) the individual presents a danger to the life or safety of the individual or of others; (4) the individual is unable or unwilling to be admitted voluntarily; and (5) there is no available, less restrictive form of intervention that is consistent with the welfare and safety of the individual.

*Senate Bill 864/House Bill 1392 (both passed)* require a health care provider to disclose legal and medical records (including mental health records) without the authorization of an individual to a public defender who states in writing that the Office of the Public Defender (OPD) represents the individual in an involuntary admission or release proceeding under the Health-General Article or a commitment or release proceeding under the Criminal Procedure Article. The bills also require facilities to notify OPD about the admission of an emergency

evaluate or a change in admission status. *Senate Bill 947/House Bill 1635 (both passed)* prohibit a hearing officer from ordering the release of an individual who meets the requirements for involuntary admission on the grounds that the individual was kept at an emergency facility for more than 30 hours in violation of law. *House Bill 33 (passed)* authorizes a disabled person to apply for voluntary admission to a facility for the treatment of a mental disorder and sets standards and criteria for a facility to accept a disabled person for voluntary admission. A facility may not admit a disabled person for a voluntary admission unless specified criteria are satisfied and the disabled person is able to ask for release.

The State’s system for delivering forensic services has been subject to increased scrutiny in recent years. “Forensic services” include court-ordered evaluations and commitments of incompetent to stand trial (IST) and not criminally responsible (NCR) defendants (under the Criminal Procedure Article), as well as court-ordered evaluations and commitments of individuals for substance use disorders (under the Health-General Article). *Senate Bill 233/House Bill 111 (both passed)* require a court, upon a finding that a defendant is IST and is a danger to self or others, or upon a verdict that a defendant is NCR, to enter an order of commitment that requires MDH to commit the defendant to a “designated health care facility” as soon as possible but no later than 10 business days after MDH receives the order. If MDH fails to place the defendant in a facility in a timely manner, the court may impose any sanction reasonably designed to compel compliance, including requiring MDH to reimburse a detention facility for costs incurred as a result of delayed placement.

### **Vital Statistics and Records**

*Senate Bill 38 (passed)* authorizes the Motor Vehicle Administration (MVA) to access and issue copies of birth certificates and to set and collect corresponding fees. Before setting and collecting a fee for birth certificates or reports, MVA must enter into a memorandum of understanding with MDH that outlines MVA’s fee structure.

According to the U.S. Department of Veterans Affairs, for Maryland in 2014, there were a total of 89 veteran suicides, resulting in a veteran suicide rate of 23.1 per 100,000 (compared to the national veteran suicide rate of 38.4 per 100,000 and a rate of 12.8 per 100,000 for the overall Maryland population). *Senate Bill 66/House Bill 1159 (both passed)* require the Secretary of Health to publish an annual report on the suicides of veterans and members serving in the U.S. Armed Forces. The report may include only specified demographic information, the nature of service, and the method of suicide. The report must include aggregate information for the previous five years or the total number of years for which information is available, whichever is less.

### **Health Awareness and Studies**

*House Bill 691 (passed)* requires that at least \$400,000 be distributed annually from the Organ and Tissue Donation Awareness Fund to the nonprofit entity selected by the Secretary of Health to establish, maintain, and operate a donor registry. *Senate Bill 574/House Bill 1467 (both passed)* require the Secretary of Health to establish a Sepsis Public Awareness Campaign

Workgroup to (1) develop a public awareness campaign on sepsis awareness and prevention; (2) identify, review, and evaluate resources that could be used to educate the public on sepsis; and (3) identify cost-effective methods for disseminating information to the public about sepsis.

A Social Determinants of Health Task Force for the 44<sup>th</sup> Legislative District was established in February 2015 and is a multisector collaborative action group comprised of community organizations, government representatives, academics, urban planners, entrepreneurs, and health care system leaders. *Senate Bill 444 (passed)* effectively codifies the structure and purpose of this task force by establishing the Task Force on the Social Determinants of Health in Baltimore City and an associated advisory board. The task force must identify and examine the negative social factors that are causing hardship for residents of Baltimore City, are cyclical in nature, and span generations; and develop and implement solutions to improve the circumstances in which residents of Baltimore City live, work, play, and worship.

*House Bill 1696 (passed)* establishes the Task Force to Study Access to Home Health Care for Children and Adults with Medical Disabilities. The task force must examine certain information relating to home health care services for children and adults with medical disabilities in Medicaid.

According to data from MDH, while the infant mortality rate for non-Hispanic Black infants increased annually from 2012 through 2015, it declined in 2016. However, the rate remains 1.6 times the rate for all races/ethnicities and 2.4 times greater than the rate for non-Hispanic White infants. Relatively few statistics are available on the rate of infant mortality in rural areas relative to the rest of the State. However, 2016 data indicates that infant mortality rates in the Southern and Eastern Shore regions generally exceed the overall infant mortality rate in the State. *Senate Bill 266/House Bill 716 (Chs. 82 and 83)* require the Maryland Health Care Commission, in consultation with the Office of Minority Health and Health Disparities, the Maternal and Child Health Bureau, the Vital Statistics Administration, and interested stakeholders, to conduct a study regarding the mortality rates of African American infants and infants in rural areas.

## **Miscellaneous Health Programs and Requirements**

### **Auto-Injectable Epinephrine**

Allergens such as insect stings or bites, foods, latex, and medications are common causes of anaphylaxis. The most common treatment for anaphylaxis is epinephrine, which often comes in the form of a predosed auto-injector that can be administered with minimal training. *House Bill 1473 (passed)* establishes the Emergency Use Auto-Injectable Epinephrine Program for food service and recreation and wellness facilities at institutions of higher education and authorizes qualified individuals, through issuance of a certificate, to obtain, store, and administer auto-injectable epinephrine to individuals experiencing anaphylaxis.

### **Electronic Cigarettes**

Electronic nicotine delivery systems (ENDS), as defined in statute, cover several technologies and their associated components, including electronic cigarettes (or e-cigarettes),

vaporizers, vape pens, and vaping liquid. According to the U.S. Centers for Disease Control and Prevention, between 2011 and 2015, electronic cigarette use among high school students increased from 1.5% to 16%. In addition, a 2017 National Institutes of Health survey of high school seniors found that 27.8% had reported “vaping” in the prior year. *House Bill 1094 (passed)* establishes that the distribution of ENDS to minors is a misdemeanor subject to existing criminal penalties for the distribution of tobacco products to minors; establishes that the possession of ENDS by minors is a civil offense subject to existing civil procedures and dispositions for the possession of tobacco products by minors; and increases civil penalties for subsequent civil violations of distributing ENDS to minors.

### **Community Health Workers**

*Senate Bill 163/House Bill 490 (both passed)* establish the State Community Health Worker Advisory Committee within MDH and require MDH to adopt specified regulations related to the training and certification of community health workers in the State. The bills also establish the State Community Health Workers Fund. A community health worker means a frontline public health worker who is a trusted member, or has an unusually close understanding, of the community served; who serves as a liaison, link, or intermediary between health and social services and the community to facilitate access to services and improve the quality and cultural competence of service delivery; and who builds individual and community capacity by increasing health knowledge and self-sufficiency through a range of activities, including outreach, community education, the provision of information to support individuals in the community, social support, and advocacy.

### **Maternal and Prenatal Health**

According to Maryland’s Maternal Mortality Review Program 2016 annual report, Maryland continues to have a slightly higher maternal mortality rate than the U.S. average. This, in part, reflects efforts in the State to accurately identify maternal deaths. *House Bill 1518 (passed)* requires the Secretary of Health to convene, at least twice a year, a meeting of specified stakeholders, including the Maryland Office of Minority Health and Health Disparities, the Maryland Patient Safety Center, and local health departments, to identify recommendations with a focus on initiatives to address issues resulting in disparities in maternal deaths.

*Senate Bill 912/House Bill 1685 (both passed)* establish a Maryland Prenatal and Infant Care Coordination Services Grant Program Fund to provide grants to counties and municipalities for care coordination services to low-income pregnant and postpartum women and to children from birth to age three. Beginning in fiscal 2020, the Governor is required to appropriate \$50,000 to the fund. The Secretary of Health is required to award grants from the fund and, in coordination with members of the Children’s Cabinet, establish procedures to distribute money to local jurisdictions, according to specified priorities.

### **Medical Records**

Medical records are protected from certain disclosures under State law and under the federal Health Insurance Portability and Accountability Act. *Senate Bill 230 (passed)* requires a

health care provider to disclose a medical record in accordance with compulsory process not later than 30 days after receiving the required documentation and any fees relating to the provision of the medical record that are owed to the health care provider by the party or the attorney representing the party seeking the medical record. A health care provider may request up to 30 additional days to disclose a medical record on a showing of good cause.

*Senate Bill 13/House Bill 115 (both passed)* require the Maryland Health Care Commission (MHCC) to convene interested stakeholders to assess the benefits and feasibility of developing an electronic system to allow health care providers to access a patient's prescription medication history. By January 1, 2020, MHCC, in consultation with interested stakeholders, must report its findings and recommendations to the Governor and the General Assembly.

## Health Occupations

### **Audiologists, Hearing Aid Dispensers, and Speech-language Pathologists**

*House Bill 168 (Ch. 103)* establishes an "inactive status" classification for licensees of the State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists. The board must place a licensee on inactive status for up to two years if the licensee submits an application and pays the inactive status fee. A licensee may renew the inactive status for up to two consecutive additional terms. A licensee on inactive status may not practice audiology, hearing aid dispensing, or speech-language pathology or assist in the practice of speech-language pathology.

### **Chiropractors**

*Senate Bill 62 (passed)* makes several revisions to the Maryland Chiropractic Act, including (1) establishing an "extern license" to allow individuals to practice under the direct supervision of a licensed chiropractor; (2) implementing the Federal Bureau of Investigation "rap back" service for the board; (3) requiring the board to maintain an online licensee roster and repealing the requirement to issue a paper license; and (4) exempting applicants with specified education experience from the requirement to hold a bachelor's degree.

### **Community Health Workers**

In June 2015, the Workgroup on Workforce Development for Community Health Workers issued its final report, noting that community health workers (CHWs) are a critical component of health systems. However, there has been a lack of standardization for training. The workgroup recommended establishing an oversight body to provide input to the legislature and oversee CHWs and suggested that the body approve CHW curriculums and training programs.

*Senate Bill 163/House Bill 490 (both passed)* establish the State Community Health Worker Advisory Committee within the Maryland Department of Health (MDH) and require MDH to adopt specified regulations related to the training and certification of CHWs in the State. The

committee must meet at least twice annually and, in consultation with multiple entities, make recommendations on a number of subjects including CHW training programs, fees, and the terms and policies for certifying CHWs. Under the legislation, MDH *may* certify CHWs to practice in the State; however, certification is not required to work as a CHW.

## **Massage Therapy**

Generally, a person must be licensed by the State Board of Massage Therapy Examiners as a massage therapist to practice massage therapy in the State or register as a massage practitioner to practice massage therapy in a nonhealth care setting. *House Bill 1598 (passed)* defines “contact hour” and “credit hour” and clarifies education requirements to become a licensed massage therapist or a registered massage practitioner. The bill also requires each licensee or registrant to display his/her license or registration conspicuously where the holder practices.

*House Bill 309 (Ch. 70)* authorizes the governing body of Anne Arundel County, after consultation with the State Board of Massage Therapy Examiners, to adopt ordinances or regulations relating to verification, inspection, and display of licenses to practice massage therapy. The governing body of Anne Arundel County must provide the Anne Arundel County Health Officer and the Anne Arundel County Police Department with the authority to carry out any ordinances or regulations adopted under the Act.

## **Nursing**

### **Advanced Practice Registered Nurses**

*House Bill 863 (passed)* authorizes a nurse anesthetist to administer anesthesia in collaboration with an anesthesiologist, a physician, or a dentist but without the need for a collaboration agreement. The scope of practice of a nurse anesthetist is codified and expanded to reflect current practice. The bill specifies the manner in which a nurse anesthetist must collaborate with an anesthesiologist, a licensed physician, or a dentist related to the administration of anesthesia and outlines basic standards of practice for a nurse anesthetist. The bill also clarifies renewal and certification requirements for advance practice registered nurses who qualify for licensure through the Nurse Licensure Compact.

### **Direct-entry Midwives**

Chapter 393 of 2015 established the Direct-Entry Midwifery Advisory Committee within the Maryland Board of Nursing (BON) and procedures for obtaining and renewing a license to practice direct-entry midwifery. *Senate Bill 1114/House Bill 1437 (both passed)* (1) clarify the conditions under which a licensed direct-entry midwife must consult or transfer the care of a patient to a health care practitioner; (2) require BON to review and update a specified standardized informed consent agreement; and (3) expand qualifications for licensure. Completion of the North American Registry of Midwives Midwifery Bridge Certificate Program may satisfy a specified education requirement for licensure.

## Revisions to the Maryland Nurse Practice Act

**Senate Bill 8 (passed)** (1) authorizes BON to remove members of the Certified Nursing Assistant and Medication Technician Advisory Committee under specified circumstances, including for misconduct and incompetence; (2) repeals obsolete provisions of law relating to extensions of licenses or certificates, certain employer reporting requirements, and outdated notice requirements; and (3) codifies current practice. The bill also authorizes BON to issue cease and desist orders or impose an encumbrance on a nurse's authority to practice within the State under the Nurse Licensure Compact.

## Pharmacy

### Prohibition on Gag Clause

**Senate Bill 576/House Bill 736 (both passed)** establish that a pharmacy benefits manager may not prohibit a pharmacy or pharmacist from (1) providing a beneficiary with information regarding the retail price for a prescription drug or the amount of the beneficiary's cost share for the drug; (2) discussing the retail price or cost share amount with the beneficiary; or (3) if the requirements for a therapeutic interchange (a change from one prescription to another) are met, selling the more affordable alternative to the beneficiary.

### Single Dispensing of Dosage Units

**House Bill 1558 (passed)** authorizes a pharmacist to dispense, in a single dispensing and exercising the professional judgment of the pharmacist, a quantity of a prescription drug that is up to the total number of dosage units authorized by the original prescription and any refills and does not exceed a 90-day supply of the drug. For a contraceptive dispensed on or after January 1, 2020, the single dispensing cannot exceed a 12-month supply of the drug. The authorization does not apply to a controlled dangerous substance (CDS), the first prescription, or a change in a prescription for a patient. A pharmacist *may not* dispense, in a single dose, a quantity of a prescription drug that exceeds the limit prescribed if the prescriber has indicated that the prescription be dispensed only as prescribed.

## Physicians

**Senate Bill 234 (passed)** enters Maryland into the Interstate Medical Licensure Compact for physicians. Under the compact, participating state medical boards retain their licensing and disciplinary authority but agree to share information and processes that are essential to the licensing and regulation of physicians who practice across state borders. Participation in the compact is voluntary for both states and physicians. The compact is intended to provide a streamlined process that allows physicians to become licensed in multiple states, enhancing the portability of a medical license. The bill establishes procedures and requirements for physicians to obtain and maintain an expedited license to practice medicine in a member state and the composition, powers, and responsibilities of the Interstate Medical Licensure Compact Commission.

## Physician Assistants

*Senate Bill 549/House Bill 591 (both passed)* authorize a physician assistant to personally prepare and dispense a drug that the physician assistant is authorized to prescribe under a delegation agreement if the supervising physician possesses a dispensing permit and the physician assistant only dispenses drugs within the supervising physician’s scope of practice and within the scope of the delegation agreement. The bills (1) repeal authorization for a physician assistant to personally dispense a starter dosage or samples of a drug; (2) establish that a delegation agreement must include specified provisions relating to dispensing authorization; and (3) make a series of conforming changes.

## Prescribing Controlled Dangerous Substances

CDS are listed on one of five schedules (Schedules I through V) set forth in statute depending on their potential for abuse and acceptance for medical use. A person must be registered by MDH before manufacturing, distributing, or dispensing CDS in the State. *Senate Bill 1223/House Bill 1452 (both passed)* require an authorized provider of CDS to attest to MDH that the provider has completed two hours of continuing education as a qualification for initial or renewal registration to dispense CDS. The required continuing education must be related to the prescribing or dispensing of CDS and recognized by the authorized provider’s licensing or certification board or accredited by a specified organization.

*House Bill 922 (passed)*, among other provisions, requires MDH, by December 1, 2018, to identify a method for establishing a tip line for a person to report a licensed prescriber who the person suspects is prescribing or overprescribing medication. MDH must ensure that reports are forwarded to the appropriate licensing board.

*Senate Bill 522/House Bill 653 (both passed)* require a health care provider, when prescribing an opioid, to advise the patient of the benefits and risks associated with the opioid. Additionally, when co-prescribing a benzodiazepine with an opioid, a health care provider must advise the patient of the benefits and risks associated with the benzodiazepine and the co-prescription of the benzodiazepine. A violation of these provisions is grounds for disciplinary action by the appropriate health occupations board.

For more information on the State’s opioid epidemic, see the subpart “Public Health – Generally” within this part of this *90 Day Report*.

## Electronic Prescription Records

Although data on CDS prescriptions is readily available through the Prescription Drug Monitoring Program, Maryland health care providers do not have access to 100% of prescription data for patients. *Senate Bill 13/House Bill 115 (both passed)* require the Maryland Health Care Commission (MHCC) to convene interested stakeholders to assess the benefits and feasibility of developing an electronic system to allow health care providers to access a patient’s complete prescription medication history. By January 1, 2020, MHCC, in consultation with interested

stakeholders, must report its findings and recommendations to the Governor and the General Assembly.

## **Professional Counselors and Therapists**

Approximately 70 regulatory entities and activities are currently subject to periodic evaluation under the Maryland Program Evaluation Act (§ 8-401 *et seq.* of the State Government Article). In 2017, the Department of Legislative Services (DLS) conducted a full sunset evaluation of the State Board of Professional Counselors and Therapists. *Senate Bill 552/House Bill 742 (both passed)* implement several of DLS' recommendations from that report, including extending the termination date of the board by two years to July 1, 2021. The board must submit specified progress reports every six months, beginning October 1, 2018. By December 1, 2019, DLS must report to specified committees of the General Assembly as to whether, and for how long, the board's termination date should be extended. The bills also (1) repeal specific education requirements for licensees and certificate holders and instead authorize the board to establish education requirements in regulations; (2) authorize the board to waive education and experience requirements for alcohol and drug counselors under specified circumstances; (3) alter the qualifications for certain board members; (4) require the board to make two specified determinations; (5) require the board to establish an Alcohol and Drug Counselor Subcommittee; and (6) require the board to submit regulations by specified dates.

## **Miscellaneous**

### **Conversion Therapy**

*Senate Bill 1028 (passed)* prohibits specified mental health or child care practitioners from engaging in "conversion therapy" (a practice or treatment by a mental health or child care practitioner that seeks to change an individual's sexual orientation or gender identity) with a minor. A violation of this prohibition is considered unprofessional conduct and must be subject to discipline by the appropriate licensing or certifying board. Additionally, the bill prohibits the use of State funds to (1) conduct or refer an individual to receive conversion therapy; (2) provide health coverage for conversion therapy; or (3) provide a grant to, or contract with, any entity that conducts or refers an individual to receive conversion therapy.

### **Renewal Applications Available By Mail**

*Senate Bill 711 (passed)* requires a health occupations board to send, by first-class mail, a renewal application at the request of a licensee, permit holder, certificate holder, or registrant, if the board otherwise sends renewal notices or other specified documents exclusively by email.

## Health Care Facilities and Regulation

### Hospitals and Related Institutions

#### Health Maintenance Organization Certificate of Need Requirements

The certificate of need (CON) program requires review and approval of certain types of proposed health care facility and service projects by the Maryland Health Care Commission in order to ensure that new health care facilities and services are developed only as needed. *Senate Bill 619/House Bill 1282 (both passed)* provide that an HMO or a health care facility that controls or is controlled by an HMO must have a CON before the HMO or health care facility builds, develops, operates, purchases, or participates in building, developing, operating, or establishing any other health care project for which a CON is required unless at least 90% of the patients who will receive health care services from the project will be individuals enrolled in that HMO.

#### Regulation of Health Care Programs, Medical Laboratories, Tissue Banks, and Health Care Facilities

Most health care programs, laboratories, tissue banks, and health care facilities are required to pay various initial application fees, as well as additional renewal fees every few years. *Senate Bill 108 (passed)* repeals specified application and renewal fees and requirements for the renewal of a license or permit (once an initial license or permit has been approved) for specified providers regulated by the Office of Health Care Quality (OHCQ). The bill effectively authorizes OHCQ to issue nonexpiring licenses to specified provider types and eliminate all related licensing fees. Mandated periodic survey and reporting requirements are unchanged. According to OHCQ, the repeal of renewal requirements impacts 18,014 providers, and the bill's fee reduction provisions impact 4,136 providers.

#### Mandatory Reporting of Inappropriate Sexual Behavior

Six of the eight residential treatment centers operating in the State are privately owned and operated and, therefore, are not required by regulation to submit reports of inappropriate sexual behavior to the State, Disability Rights Maryland, or local law enforcement. *House Bill 1130 (passed)* requires that a privately owned and operated residential treatment center be subject to reporting requirements established by the Maryland Department of Health (MDH). The reporting requirements apply when a staff member observes, receives a complaint regarding, or otherwise has reason to believe that an individual has been subjected to inappropriate sexual behavior.

### Nursing Homes

#### Maryland Nursing Home Resident Protection Act of 2018

According to the Office of the Inspector General for the U.S. Department of Health and Human Services, in 2015, OHCQ failed to investigate 648 of 867 allegations of harm at nursing homes within a required 10-day window, accounting for approximately 75% of all high-priority complaints. *Senate Bill 386 (passed)* requires MDH to initiate an investigation of a nursing home

complaint alleging actual harm within 10 business days. For any complaint alleging immediate jeopardy to a resident, MDH must make every effort to investigate within 24 hours and must investigate within 48 hours. MDH must also develop a data dashboard that includes specified information, which must be posted on the MDH website. Uncodified language in the bill requires OHCQ to annually receive 10 new, full-time merit positions each fiscal year beginning in fiscal 2020 and ending in fiscal 2024.

### **Oversight Committee on Quality of Care in Nursing Homes and Assisted Living Facilities**

The Oversight Committee on Quality of Care in Nursing Homes and Assisted Living Facilities evaluates progress in improving the quality of nursing home and assisted living facility care in the State. *Senate Bill 4 (passed)* alters the membership of the oversight committee, and authorizes additional duties that may be performed. By November 1, 2018, the oversight committee must review the changes to oversight committee membership and duties under the bill and make recommendations on any additional legislative changes that may be necessary to specified committees of the General Assembly.

### **Rural Health Collaborative Pilot**

Chapter 420 of 2017 established a workgroup on rural health care delivery to oversee a study of health care delivery in the mid-shore region and develop a plan for meeting the health care needs of the area. Among other recommendations, the workgroup recommended establishing a rural health collaborative to oversee the development and establishment of a rural community health complex program. *Senate Bill 1056 (passed)* establishes a Rural Health Collaborative Pilot as an independent unit within MDH. The Governor must fully fund the operations of the collaborative beginning in fiscal 2019. Supplemental budget No. 3 included \$150,000 to fund the collaborative. By December 1, 2020, the collaborative must report to the Governor and the General Assembly on the standards and criteria that a community must meet to establish a “rural health complex.” By December 1, 2021, and annually thereafter, the collaborative must report to the Governor and General Assembly on its activities regarding health care delivery in the mid-shore region.

## **Health Insurance**

### **Individual Health Insurance Market Stabilization**

Chapter 17 of 2017 established the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the Patient Protection and Affordable Care Act (ACA), Medicaid, the Maryland Children’s Health Program, Medicare, and the Maryland All-Payer Model; (2) assess the impact of such changes; and (3) provide recommendations for State and local action to protect access to affordable health coverage. In its 2017 report, the commission expressed concern that the repeal of the federal penalty for not having qualifying coverage under the ACA could cause premium rates to increase to unaffordable levels,

result in adverse selection as healthier individuals drop coverage, and jeopardize the viability of the individual market in 2019 if stabilization measures were not adopted in 2018. Some of the stabilization options would require approval of a Section 1332 waiver by the Centers for Medicare and Medicaid Services (CMS), such as the adoption of a reinsurance program. Approval of a Section 1332 waiver will need to be obtained from CMS by October 2018 for carriers to have time to upload insurance rates for 2019. Because the process for approval of a Section 1332 waiver requires public comment and public hearings, the commission recommended that the State take prompt action to analyze and approve measures to stabilize the individual market, including enactment of legislation providing for implementation of the measures that would be included under a Section 1332 waiver.

*Senate Bill 1267/House Bill 1795 (Chs. 7 and 6)* are emergency Acts requiring the Maryland Health Benefit Exchange (MHBE), in consultation with the Insurance Commissioner and as approved by the MHBE Board, to submit a State Innovation Waiver application for a Section 1332 waiver to establish a program for reinsurance and seek specified federal pass-through funding. The Acts also require MHBE to establish and implement the program. Implementation of the program is contingent on approval of the waiver application. The program must provide reinsurance to carriers that offer individual health benefit plans in the State and meet the requirements of an approved Section 1332 waiver. The program must be designed to mitigate the impact of high-risk individuals on rates in the individual insurance market. Based on available funds, MHBE must establish reinsurance payment parameters for calendar 2019 and each subsequent calendar year that include an attachment point, a coinsurance rate, and a coinsurance cap. Beginning January 1, 2019, funding for reinsurance through the program may be made by using any pass-through funds received from the federal government under an approved Section 1332 waiver, any funds designated by the federal government to provide reinsurance, and any funds designated by the State to provide reinsurance to carriers that offer individual health benefit plans in the State.

*Senate Bill 387/House Bill 1782 (Chs. 38 and 37)* are emergency Acts that adopt measures to stabilize the individual insurance market in the State. The Acts establish, for calendar 2019 only, a 2.75% premium assessment on health insurers, nonprofit health service plans, health maintenance organizations, managed care organizations, and other specified entities. The purpose of the assessment is to recoup the aggregate amount of the health insurance provider fee that would have been assessed under the ACA for calendar 2019 but was temporarily suspended for that year by action at the federal level. The assessment must be distributed to the MHBE fund for the State reinsurance program established under Chapters 6 and 7.

In addition, the Acts establish that certain health benefit plans offered by an association, a professional employer organization, or other entity, including plans issued under the laws of another state, must comply with State small group market requirements if the plans cover employees of one or more small employers in the State. The Acts also establish that a policy or contract, to meet the definition of short-term limited duration insurance, must have a policy term that is less than three months, meet other specified requirements, and have coverage that may not be extended or renewed.

The Acts also add a member to the Maryland Health Insurance Coverage Protection Commission and require the commission to study and make recommendations for individual and group health insurance market stability, including whether to merge the individual and small group markets, pursue a basic health program, pursue a Medicaid buy-in program, provide subsidies that supplement premium tax credits or cost-sharing reductions, and adopt a State-based individual mandate.

## **Mandated Coverage and Cost Sharing**

### **Fertility Awareness-based Methods**

Fertility awareness-based methods are methods of identifying times of fertility and infertility by an individual to avoid pregnancy, including cervical mucus methods, sympto-thermal or sympto-hormonal methods, the standard days method, and the lactational amenorrhea method. *Senate Bill 33/House Bill 249 (both passed)* require a health insurance carrier to provide coverage for instruction by a licensed health care provider on fertility awareness-based methods. With the exception of a grandfathered health plan, a carrier may not apply a copayment, coinsurance requirement, or deductible for this coverage.

### **Male Sterilization**

Effective January 1, 2018, Chapters 436 and 437 of 2016 required health insurance carriers to provide coverage for male sterilization with no copayment, coinsurance, or deductible requirement. In 2017, concerns were raised that the legislation may violate the Internal Revenue Service (IRS) rules for Health Savings Account-compatible high-deductible health plans (HDHPs) which only allow the provision of preventive care benefits without a deductible. On March 5, 2018, IRS issued a notice stating that a health plan that provides benefits for male sterilization before satisfying the minimum deductible for an HDHP does not constitute an HDHP, regardless of whether such coverage is required by state law. IRS is providing a transitional relief period until 2020 to give plans time to comply with IRS requirements. *Senate Bill 137/House Bill 135 (Chs. 65 and 64)* are emergency Acts that authorize a HDHP to apply a deductible to coverage for male sterilization. The Acts remain in effect until the U.S. Secretary of the Treasury or other U.S. Treasury official determines that an HDHP that meets the male sterilization coverage requirements under State law meets the qualifications for health savings account-qualified HDHPs under the safe harbor provisions for “preventive care” under the Internal Revenue Code.

### **Elevated or Impaired Blood Glucose Levels, Prediabetes, and Obesity Treatment**

*Senate Bill 656/House Bill 86 (both passed)* expand the current health insurance mandate for coverage of medically appropriate and necessary diabetes equipment, supplies, and outpatient self-management training and educational services to apply to the treatment of *impaired* blood glucose levels induced by pregnancy and consistent with the American Diabetes Association’s standards, elevated or impaired blood glucose levels induced by prediabetes. The legislation also

authorizes specified reimbursement of services rendered by a licensed dietician or nutritionist for the treatment of prediabetes and obesity.

### **Fertility Preservation Procedures for Iatrogenic Infertility**

Iatrogenic infertility is an impairment of fertility caused directly or indirectly by surgery, chemotherapy, radiation, or other medical treatment affecting the reproductive organs or processes. *Senate Bill 271/House Bill 908 (both passed)* require health insurance carriers to provide coverage for “standard fertility preservation procedures” that are performed on a policyholder or subscriber or on the covered dependent of a policyholder or subscriber and are medically necessary to preserve fertility due to a need for medical treatment that may directly or indirectly cause iatrogenic infertility. The legislation defines standard fertility preservation procedures to mean procedures to preserve fertility that are consistent with established medical practices and professional guidelines, including sperm and oocyte cryopreservation and evaluations, laboratory assessments, medications, and treatments associated with sperm and oocyte cryopreservation but not the storage of sperm or oocytes. A carrier may not be required to provide the coverage under the bills to a religious organization that requests and receives an exclusion from specified in vitro fertilization coverage.

### **Contraceptive Drugs and Devices and Male Sterilization for State Employees and Retirees**

Chapters 436 and 437 of 2016 prohibited health insurance carriers from applying most copayment or coinsurance requirements for a prescription contraceptive drug or device that is approved by the U.S. Food and Drug Administration and required carriers to provide coverage for a single dispensing of a six-month supply of prescription contraceptives with specified exceptions. Self-insured employer plans are exempt from State health insurance mandates and requirements under the federal Employee Retirement Income Security Act and, therefore, the State Employee and Retiree Health and Welfare Benefits Program is generally not subject to these mandates. *Senate Bill 986/House Bill 1024 (both passed)* require the State Employee and Retiree Health and Welfare Benefits Program to comply with specified provisions of law relating to health insurance coverage of contraceptive drugs and devices and male sterilization as enacted by Chapters 436 and 437.

### **Single Dispensing for Prescription Contraceptives**

As noted above, Chapters 436 and 437 of 2016 required carriers to provide coverage for a single dispensing of a 6-month supply of prescription contraceptives. *House Bill 1283 (passed)* repeals this language and instead requires carriers to provide for a single dispensing of up to a 12-month supply of prescription contraceptives with no exceptions. Whenever carriers increase the copayment for a single dispensing of up to a 12-month supply of prescription contraceptives, the carriers must proportionately increase the dispensing fee paid to the pharmacist.

## Emergency Medical Services Providers

According to the Maryland Institute for Emergency Medical Services Systems (MIEMSS), emergency medical services (EMS) reimbursement historically has been tied to transport of patients to the hospital emergency department (ED). Consequently, EMS is not reimbursed unless the patient is transported and, even then, is only reimbursed for certain transport destinations. Some patients call 9-1-1 and are treated by EMS providers but subsequently refuse to be transported to the hospital. Although EMS providers are obliged to respond to the 9-1-1 call, EMS providers are unable to bill for the response to recover any portion of the expenses incurred in treating a patient who requested EMS care but was not ultimately transported to the ED.

*Senate Bill 682 (passed)* requires the Maryland Health Care Commission and MIEMSS, in consultation with specified entities, to jointly (1) develop a statewide plan for the reimbursement of services provided by emergency medical services providers to Medicaid recipients; (2) identify a process for obtaining Medicare reimbursement for such services; (3) study and make recommendations regarding the desirability and feasibility of reimbursement for such services provided to privately insured individuals; and (4) submit specified reports to the Governor and General Assembly.

## Lymphedema Diagnosis, Evaluation, and Treatment

Lymphedema is an abnormal collection of fluid just beneath the skin and is a common complication of cancer treatment. Left untreated, lymphedema leads to chronic inflammation, infection, and hardening of the skin that results in further lymph vessel damage and distortion of the shape of affected body parts. *House Bill 847 (passed)* requires a health insurance carrier to provide coverage for the medically necessary diagnosis, evaluation, and treatment of lymphedema. Required coverage under the bill must include equipment, supplies, complex decongestive therapy, gradient compression garments, and self-management training and education. Coverage may be subject to the annual deductibles, copayments, or coinsurance requirements imposed by a carrier for similar coverages under the same policy or contract. The annual deductibles, copayments, or coinsurance requirements may not be greater than those imposed by the carrier for similar coverages.

## Provider Panels

A carrier that uses a provider panel must maintain standards in accordance with regulations adopted by the Insurance Commissioner for availability of health care providers to meet the health care needs of enrollees and establish specified procedures relating to participation on the carrier's provider panel. A carrier must ensure that all enrollees have access to providers and covered services without unreasonable travel or delay and include standards that ensure access to providers. A carrier that uses a provider panel for a health benefit plan must file annually a specified network access plan with the Commissioner for review.

### **Local Health Departments**

*Senate Bill 858/House Bill 1132 (both passed)* require health insurance carriers that use a provider panel to ensure that all enrollees have access to local health departments (LHDs) and covered services provided through LHDs, including behavioral health care services, to the extent that LHDs are willing to participate on a carrier's provider panel. A carrier's annual access plan filed with the Commissioner must contain the carrier's efforts to include LHDs in its network. A carrier that is a group model health maintenance organization is exempt from these requirements.

### **Credentialing Practices**

*House Bill 1310 (passed)* prohibits a carrier from imposing a limit on the number of behavioral health providers at a health care facility that may be credentialed to participate on a provider panel.

### **Pharmacy Benefits Managers**

A pharmacy benefits manager (PBM) is a business that administers and manages prescription drug benefits for purchasers. A PBM must register with the Maryland Insurance Administration (MIA) before providing pharmacy benefits management services.

*Senate Bill 576/House Bill 736 (both passed)* establish that a PBM may not prohibit a pharmacy or pharmacist from (1) providing a beneficiary with information regarding the retail price for a prescription drug or the amount of the beneficiary's cost share for the drug; (2) discussing the retail price or cost share with the beneficiary; or (3) if the requirements for a therapeutic interchange are met, selling the more affordable alternative to the beneficiary. The bills may not be construed to alter statutory requirements for a therapeutic interchange.

*Senate Bill 1079/House Bill 1349 (both passed)* authorize MIA to require a PBM to provide additional information or submissions during the registration and renewal process. The bills also impose specified requirements and prohibitions related to reimbursement for pharmacy services and maximum allowable cost lists. In addition, the bills provide the Insurance Commissioner with additional oversight of PBMs, including the authority to adopt regulations to establish a complaint process to address grievances and appeals.

### **Health Reform Implementation**

#### **Conformity with Federal Law**

*Senate Bill 54 (passed)* makes several technical corrections and updates to provisions relating to health insurance to conform with federal law.

#### **Criminal History Records Checks**

*Senate Bill 111 (passed)* authorizes MHBE to perform a criminal background check, including a State and national criminal history records check, to determine the suitability of a

“contractor” to access confidential or sensitive federal tax information. A contractor is an individual who is not a State employee with a position in the State Personnel Management System and who performs work functions for MHBE in accordance with the terms of a written agreement.

## **Medical Stop-loss Insurance**

“Medical stop-loss insurance” means insurance, other than reinsurance, that is purchased by a person other than a carrier or health care provider, to protect the person against catastrophic, excess, or unexpected losses incurred by that person’s obligations to third parties under the terms of a health benefit plan. Chapter 494 of 2015 increased the minimum attachment points for medical stop-loss insurance issued or delivered in the State and established requirements and prohibitions for medical stop-loss insurance issued to a small employer. *Senate Bill 207/House Bill 412 (both passed)* repeal the termination date (June 30, 2018) of these provisions, making them permanent.

## **Medicare**

### **Medicare Supplement Policy Plans**

A Medicare supplement policy “Plan C” covers the Medicare Part B deductible. However, beginning in 2020, federal law prohibits a Medicare supplement policy from covering the Part B deductible. All references in the insurance law are changed to refer to Medicare supplement policy “Plan D” as such plans do not cover the Part D deductible and are in accordance with federal law. *Senate Bill 52 (passed)* replaces references to Medicare supplement policy Plan C with Medicare supplement policy Plan D to conform with federal law.

### **Senior Prescription Drug Assistance Program**

The Senior Prescription Drug Assistance Program (SPDAP) provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. SPDAP provides a premium subsidy of up to \$40 per month toward members’ Medicare Part D premiums. In addition, SPDAP provides a subsidy of up to \$3,427 per year to help members pay their prescription drug costs for the coverage gap or “donut hole.” *Senate Bill 1208/House Bill 1766 (both passed)* extend the termination date of SPDAP by five years through December 31, 2024. Accordingly, the current \$14.0 million cap on the subsidy required for SPDAP is extended through fiscal 2025. The bills also repeal the additional subsidy for the Medicare Part D coverage cap and the associated funding requirement based on recent federal action to close the coverage gap or “donut hole” by January 1, 2019.

## **General Insurance**

In addition to legislation specific to health insurance, the General Assembly considered legislation that regulates insurance generally. *Senate Bill 673/House Bill 1083 (both passed)*

increase the maximum value of educational materials, promotional materials, or articles of merchandise that can be offered and given out by insurers. *Senate Bill 59 (Ch. 42)* limits the requirement that authorized insurers institute, maintain, and file an antifraud plan. *Senate Bill 78 (passed)* adopts changes to the Model Risk Retention Act developed by the National Association of Insurance Commissioners. For a more detailed discussion of this legislation, see the subpart “Insurance (other than Health Insurance)” within Part H – Business and Economic Issues of this *90 Day Report*.

## Social Services

### Children

#### Children in Out-of-home Placements

The Department of Human Services (DHS), through its Social Services Administration (SSA), has primary responsibility for child welfare services throughout the State, which are generally provided by the local departments of social services. *House Bill 1582 (passed)* establishes a State Medical Director for Children Receiving Child Welfare Services in DHS. The director, in consultation with local departments of social services, must develop a Centralized Comprehensive Health Care Monitoring Program that will ensure the replication of centralized health care coordination and monitoring of services across the State. Among other duties, the director must collect data, track health outcomes, assess the competency of providers, and ensure best practice medical review and evaluation of cases of suspected abuse or neglect.

A government entity may be designated as the representative payee of a child in out-of-home placement if the child’s parent or other relative is not available to serve in that role. As the representative payee, a state is required to manage the child’s benefits and to use the benefits for the current maintenance of the child. *Senate Bill 291/House Bill 524 (both passed)* establish requirements for the management and use of Veterans Administration benefits, Supplemental Security Income benefits, or Social Security benefits for children in the custody of DHS. For further discussion of this issue, see the subpart “Family Law” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

#### Child Care Subsidies

*Senate Bill 379/House Bill 430 (both passed)* require the Governor to include funding in the annual State budget to raise the Child Care Subsidy (CCS) program’s reimbursement rates to certain levels. *House Bill 941 (passed)* requires the Maryland State Department of Education to administer the CCS program in accordance with federal law as it relates to unemployment. For

further discussion of the CCS program, see the subpart “Education – Primary and Secondary” within Part L – Education of this *90 Day Report*.

### **Foster Care Recipients and Unaccompanied Homeless Youth**

Foster care recipients and unaccompanied homeless youth who meet specified eligibility requirements are allowed tuition exemptions at public institutions of higher learning, including community colleges. However, such individuals are responsible for the costs of instruction if they elect to participate in a registered apprenticeship program that does not partner with a community college, as there is no tuition waiver equivalent.

*Senate Bill 308/House Bill 431 (both passed)* establish the Fostering Employment Program, jointly supervised by DHS and the Department of Labor, Licensing, and Regulation, to provide employment opportunities for foster care recipients and unaccompanied homeless youth through training that leads to industry-recognized credentials. The bills allow foster care recipients and unaccompanied homeless youth to access training from registered apprenticeship sponsors who are not associated with a community college as well as other initiatives such as the Employment Advancement Right Now program.

*Senate Bill 85 (passed)* expands tuition waiver eligibility for an individual in foster care. For a further discussion of *Senate Bill 85*, see the subpart “Higher Education” within Part L – Education of this *90 Day Report*.

### **Record Sharing Regarding Child Abuse and Neglect**

DHS and the Maryland Department of Health must share certain records, including identifying information regarding individuals who, as to any child, have had their parental rights terminated and have been identified as responsible for abuse or neglect in a central registry, and the birth record information for a child born to an individual whose identifying information has been provided within the previous five years. *Senate Bill 490/House Bill 454 (both passed)* require a court to provide the Secretary of Health with identifying information regarding an individual who has been convicted of the murder, attempted murder, or manslaughter of a child. For a further discussion of *Senate Bill 490/House Bill 454*, see the subpart “Family Law” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

### **Miscellaneous**

*Senate Bill 912/House Bill 1685 (both passed)* establish a fund to provide grants to counties and municipalities for care coordination services to low-income pregnant and postpartum women and to children from birth to age three. *Senate Bill 977/House Bill 1517 (both passed)* require the Director of the Behavioral Health Administration and SSA to annually report certain information regarding behavioral health services and voluntary placement agreements for children and young adults in the State. For a further discussion of these bills, see the subpart “Public Health” within this part of this *90 Day Report*.

## **Residential Child Care Programs**

As licensing agencies for residential child care programs, DHS and the Department of Juvenile Services (DJS) must issue a statement of need certifying public need for the location and establishment of a program in a county before a program is granted a license, an existing or previously licensed program is relocated, an existing site is expanded, or the number of placements in a program is increased. *House Bill 1747 (passed)* creates two exceptions to this process. First, if there is no placement available in an existing licensed program that can provide the services needed for a child, DHS or DJS may, without a statement of need, grant a license or increase the number of placements in an existing program. Second, an existing program may relocate if the existing site of the program is in a state of disrepair that necessitates rehabilitation of the site for the health, safety, and well-being of the residents and the rehabilitation is impractical or infeasible.

## **Disabled Individuals**

### **Temporary Disability Assistance Program**

The State-funded Temporary Disability Assistance Program (TDAP) is established in regulation and available to help low-income, disabled adults through a period of short-term disability or while they are awaiting approval of federal disability support. TDAP provides cash benefits to eligible individuals based on their assessed needs and subject to available funding. Under State regulations, the current monthly allowable benefit amount is \$185. The fiscal 2019 budget includes funding to increase the monthly allowable benefit amount to \$195.

*House Bill 1615 (passed)* generally codifies TDAP in DHS. In fiscal 2020, the Governor must provide sufficient funds to ensure that the value of the monthly allowable benefit is equal to at least \$215. Beginning in fiscal 2021, the Governor must provide sufficient funds to ensure that the value of the monthly allowable benefit correlates with certain percentages of the monthly allowable benefit for a one-person household receiving Temporary Cash Assistance (TCA) in each year, until reaching 100% of the specified TCA benefit in fiscal 2027 and annually thereafter.

### **Maryland Achieving a Better Life Experience Program Accounts**

In accordance with federal law, in 2016 Maryland established a tax-advantaged savings program known as the Maryland Achieving a Better Life Experience (ABLE) program, under which contributions may be made to an account that is established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account. *Senate Bill 550/ House Bill 782 (both passed)* prohibit the State, unless required by federal law, from seeking payment from a Maryland ABLE account or its proceeds for any amount of medical assistance paid for the designated beneficiary. Unless prohibited by federal law, on the death of a designated beneficiary, money and assets in an ABLE account may be transferred to the beneficiary's estate or an ABLE account for another eligible individual specified by either the designated beneficiary or the beneficiary's estate. The bills also conform to recent federal law changes related to account contributions and rollovers from 529 plans.

## Utility Assistance

*Senate Bill 1117/House Bill 1528 (both passed)* authorize DHS to use unexpended Electric Universal Service Program funds to establish an arrearage prevention program for low-income customers who have participated in a low-income residential weatherization program. For a further discussion of this issue, see the subpart “Public Service Companies” within Part H – Business and Economic Issues of this *90 Day Report*.

## **Part K**

# **Natural Resources, Environment, and Agriculture**

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### **Natural Resources**

#### **Waters of the State**

##### **Funding for Chesapeake Bay**

The Department of Natural Resources (DNR) is authorized by statute to develop and implement an electronic system for the sale and issuance of licenses, permits, and registrations. *Senate Bill 149/House Bill 104 (both passed)* require DNR to establish a process through which an individual who purchases a license, permit, or registration through DNR’s electronic licensing system may make a voluntary monetary donation to the Chesapeake Bay Trust and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund at the time of purchase. For a further discussion of *Senate Bill 149* and *House Bill 104*, see the subpart “Hunting and Fishing” within this part of this *90 Day Report*.

##### **Adaptation, Protection, and Maintenance**

**Coast Smart Practices:** “Coast Smart” practices are construction practices in which preliminary planning, siting, design, construction, operation, maintenance, and repair of a structure avoids or minimizes future impacts associated with coastal flooding and sea level rise, and includes design criteria and siting criteria that are applicable throughout the entire life cycle of a project. In June 2015, the Coast Smart Council within DNR adopted a Coast Smart Construction Program that includes siting and design criteria for use by all State agencies that design and build facilities or prepare programs and budgets for the design and construction of facilities.

*Senate Bill 1006/House Bill 1350 (both passed)* expand the applicability of Coast Smart siting and design criteria from State capital projects, which are partially or fully funded with State funds, to State and local projects for which at least 50% of the project costs are funded with State funds, subject to a specified exception. Beginning July 1, 2019, State or local projects will include the construction of a structure or highway facility or the reconstruction of a structure with substantial damage. The bills require the establishment of specified plans or criteria relating to

(1) sea level rise inundation; (2) saltwater intrusion; (3) the use of State funds for specified hazard mitigation; and (4) nuisance flooding. The bills further clarify that the purpose of the Coast Smart siting and design criteria are “to address sea level rise *inundation* and coastal flood impacts on State and local projects.”

***Use of State Lakes Protection and Restoration Fund:*** The State Lakes Protection and Restoration Fund, administered by the Secretary of Natural Resources, was established in 2017 to protect and restore State-owned lakes. ***Senate Bill 501 (passed)*** establishes a mandated appropriation of \$1 million to the fund for fiscal 2020 and each fiscal year thereafter until June 30, 2022, when the bill terminates. The bill expands the use of the fund to include the protection or restoration of State-managed lakes. The bill provides that the fund may be used for qualifying lakes to remove sediment, treat contaminated sediment, prevent the spread of invasive species, improve ecological and recreational value, and take any other action DNR determines necessary.

***Use of Waterway Improvement Fund:*** The Waterway Improvement Fund (WIF) finances projects and activities that promote, develop, and maintain Maryland’s waterways for the benefit of the boating public. ***Senate Bill 1260 (passed)*** establishes that for fiscal 2019, the first \$300,000 of money received into WIF may be used only for the State’s portion of funding required for the dredging study of the Ocean City Inlet by the U.S. Army Corps of Engineers.

### **Boards and Commissions**

***Deep Creek Lake Policy and Review Board:*** The Deep Creek Lake Policy and Review Board meets at least four times a year in Garrett County and is charged with reviewing and advising the Secretary of Natural Resources on matters that relate to the Deep Creek Lake Recreation Maintenance and Management Fund and Deep Creek Lake management program. The board is authorized to review and make recommendations to the Secretary of Natural Resources on specified budgetary matters and has joint responsibility with the Secretary for the preparation of a Deep Creek Lake recreation and land use plan and approval of any changes to certain fees related to the lake. ***Senate Bill 115/House Bill 219 (both passed)*** add the Secretary of Natural Resources and the Secretary of the Environment (or their designees) to the board as nonvoting *ex officio* members. The bills also require the board to review and advise the Secretary of the Environment on matters that relate to Deep Creek Lake and are within the jurisdiction of the Secretary of the Environment.

***Scenic and Wild Rivers Review Board:*** A “scenic river” is defined as a free-flowing river whose shoreline and related land are predominantly forested, agricultural, grassland, marshland, or swampland with a minimum of development for at least two miles of river length. Under the Scenic and Wild Rivers Program, all rivers in the State are inventoried and assessed for inclusion into the Scenic and Wild Rivers System, and river resource management plans are prepared for any river designated scenic or wild by the General Assembly. The Scenic and Wild Rivers Review Board reviews any inventories, studies, plans, and regulations prepared under the Scenic and Wild Rivers Program and appoints local scenic and wild river advisory boards for each river included in the program. ***Senate Bill 601/House Bill 696 (both passed)*** alter the composition

of a local scenic river advisory board for a scenic or wild river flowing through Carroll County and one or more other counties. Under the bills, the composition of the board includes (1) two residents of each county through which the river flows who own land contiguous to the river; (2) two residents of each county who do not own land contiguous to the river; (3) two representatives of the local governing bodies of the counties through which the river flows; and (4) one representative of an organization in the county with expertise in agriculture. The bills also specify that the two representatives of the local governing body are nonvoting members of the local scenic river advisory board. *Senate Bill 1032/House Bill 917 (both passed)* provide for an identical composition for a local scenic river advisory board for a scenic or wild river flowing through Frederick County and one or more other counties.

### **Off-highway Recreational Vehicles**

In July 2017, the Maryland Forest Service opened an off-road vehicle trail and campground at Savage River State Forest near the Town of Finzel in Garrett County. The trail is the first trail on DNR lands that is designed specifically for off-road vehicles. *Senate Bill 606 (passed)* establishes the Off-Highway Recreational Vehicle Trail Fund for the purpose of maintaining and constructing trails for off-highway recreational vehicles on specified land that is owned or leased by DNR. The Comptroller is required to distribute a portion of the revenue from the excise tax imposed for each certificate of title issued for an off-highway recreational vehicle into the fund. Under the bill, the Comptroller must deposit 25% of the qualifying excise tax revenue in fiscal 2019, and 50% in fiscal 2020 and each fiscal year thereafter.

## **Hunting and Fishing**

### **Hunting**

#### **Hunter Clothing**

With certain exceptions, hunters (and those who accompany, aid, or assist them) must wear specified daylight fluorescent orange clothing while hunting. *Senate Bill 341/House Bill 1118 (both passed)* authorize hunters (and those who accompany, aid, or assist them) to also wear daylight fluorescent pink clothing.

#### **Waterfowl Hunting Guide License Reciprocity**

A waterfowl hunting guide is an individual who is an employee of a waterfowl outfitter and furnishes personal guiding services. An individual must have a waterfowl hunting guide license or waterfowl outfitter license in order to receive monetary compensation for outfitting or guiding a hunter to hunt wild waterfowl in the State. *House Bill 1163 (passed)* allows for a valid out-of-state waterfowl hunting guide license from a nonresident's home state to be valid in Maryland to provide guide services for hunting snow geese if the state extends similar privileges to Maryland residents, provided the nonresident purchases a Maryland migratory bird stamp.

### **Unprotected Birds and Mammals**

Except for “unprotected birds” and game birds hunted during open season, a person may not hunt, destroy, or possess a wild bird within the State. Generally, there are no restrictions on hunting unprotected birds, and a person does not need a hunting license to do so. *Senate Bill 94 (passed)* adds pigeons to the existing definition of “unprotected bird” (joining English sparrows and European starlings). The Department of Natural Resources (DNR) has traditionally considered common pigeons to be feral birds, and for at least the past 30 years DNR has allowed the taking of pigeons as if they were an unprotected species. The bill also (1) establishes that specified existing prohibitions (relating to careless or negligent harm to another person or intentional or willful destruction or damage) that are applicable to hunting or pursuing any wildlife apply to hunting or pursuing unprotected birds or mammals and (2) generally prohibits a person from conducting or participating in an organized contest for prizes or monetary awards for which unprotected birds are launched by mechanical or manual means as targets.

### **Deer Management Permits – Calvert County**

Maryland landowners or agricultural lessees who are experiencing severe economic loss from deer to commercially grown crops may be eligible to receive a deer management permit. Deer management permits allow the permit holder or an agent of a permit holder to remove deer from the designated property outside of any deer bag limits and the established deer hunting seasons, including on any Sunday throughout the year. *House Bill 119 (Ch. 110)* makes provisions applicable in Charles and St. Mary’s counties, relating to deer management permits, also applicable to Calvert County. The provisions (1) allow an individual hunting under a deer management permit to use a shotgun or breech loading center fired rifle approved by DNR to hunt deer throughout the year in the locations and under the conditions set forth in the permit and (2) allow a permit holder who leases State land for crop cultivation to hunt deer on the leased land under the permit.

### **Archery Safety Zone – Montgomery County**

Maryland law generally establishes a “safety zone” around occupied buildings or camps (e.g., residences, churches, schools), within which a person, other than the owner or occupant, while hunting, may not shoot or discharge any firearm or other deadly weapon (subject to some variation in the size of the safety zone based on different factors). Chapter 443 of 2017 decreased the archery hunting safety zone size in Montgomery County from 100 to 50 yards from an occupied building or camp and required an archery hunter in the county to use a tree stand when hunting within 50 to 100 yards of occupied buildings or camps. *House Bill 172 (Ch. 123)* replaces the requirement that an archery hunter use a tree stand when hunting within 50 to 100 yards of occupied buildings or camps with a requirement that an archery hunter instead be in an elevated position that allows the hunter to shoot in a downward trajectory.

## Fishing

### Oysters

**Oyster Authorization Revocation:** DNR uses a single, commercial fishing license, known as a tidal fish license, which authorizes a licensee to engage in each activity indicated on the license. DNR may issue authorizations for specified fishing activities, including oyster harvesting, for which an annual fee is required in addition to the annual license fee. In addition to any other penalty or fine, a person who holds an oyster authorization and receives a citation for specified offenses involving knowingly poaching oysters is subject to revocation of the oyster authorization. **House Bill 1172 (passed)**, however, removes a requirement that DNR hold a hearing within 60 days of a person receiving a citation for one of the specified offenses to determine whether the person's authorization to catch oysters must be revoked. Instead, a hearing must simply be held before the revocation of an authorization to catch oysters. If a hearing is held, it must be held within 90 days after the offense occurs. DNR must also report annually, from 2018 through 2020, on the number of citations issued for the specified oyster poaching offenses and the action taken or penalty imposed by DNR for each offense.

**Commercial Oyster Divers:** Commercial oyster harvesters who use diving apparatus to catch oysters from a boat are given greater licensing flexibility under **House Bill 1137 (passed)**. The bill allows either the diver or the diver's attendant to possess an authorization to catch oysters for commercial purposes (subject to a reduced daily catch limit), instead of requiring both to have an authorization. The bill also repeals the 30 bushel daily catch limit and establishes that DNR will set the daily catch limit by regulation.

**Oyster Gardening – Pier, Wharf, or Other Structure:** The ability of an owner of a pier, wharf, or other structure – in Calvert, Howard, St. Mary's, and Talbot counties – to use the area surrounding the structure to grow and harvest oysters grown in trays, baskets, or containers (oyster gardening) is expanded under **House Bill 1485 (passed)**. Under the bill, instead of having exclusive use of the area within 5 feet of the pier, wharf, or other structure for oyster gardening, the owner has the exclusive use of the area within 10 feet of the pier, wharf, or other structure. Those oysters, however, as well as oysters grown in any county below an owner's pier, wharf, or structure may not be commercially harvested, sold, or marketed for human consumption.

### Tidal Fish Licenses

**Senate Bill 112 (Ch. 61)** modifies the commercial license requirements to catch crabs of the genus *Cancer* by adding these crabs to the conch, turtle, and lobster authorization available to tidal fish license holders. Jonah crabs are the only type of crab of the genus *Cancer* that DNR regulates, and are typically harvested as bycatch by those authorized to harvest conch, turtle, and lobster. The Act provides those harvesters with the flexibility of not having to obtain a crab authorization (which is clarified under the Act to be applicable specifically to blue crabs) in addition to the conch, turtle, and lobster authorization. The Act also repeals a requirement that a beneficiary form (indicating to whom a license or authorization is to be transferred on the death of the license holder) may only be submitted at the time of issuance.

## Licensing Discounts and Donations

### Incentive Discounts for Recreational Hunting and Fishing Licenses

DNR charges annual fees for resident angler's (nontidal recreational fishing) licenses, Chesapeake Bay and coastal sport fishing (tidal recreational fishing) licenses, and hunting licenses of \$20.50, \$15.00, and \$24.50, respectively. Lower fees apply to certain junior, senior, and short-term licenses, and higher fees apply to nonresident licenses. *Senate Bill 113 (Ch. 62)* establishes a Recreational License Incentive Discount Program authorizing DNR to provide incentive discounts on those license fees, which may not exceed 50% of the underlying license fee and may be offered or provided only to an individual who has not held the specific license within the previous two years. The program is similar to a pilot program authorized under Chapter 22 of 2014, which terminated September 30, 2017.

### Opportunity for Voluntary Donations

DNR is authorized to develop and implement an electronic system for the sale and issuance of licenses, permits, and registrations. Its current electronic licensing system is called COMPASS, offering licenses, permits, and registrations for hunting, fishing, vessels, and off-road vehicles. *Senate Bill 149/House Bill 104 (both passed)* allow for a voluntary donation to be made by an individual who purchases a license, permit, or registration through the electronic licensing system for distribution to the Chesapeake Bay Trust and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to support specified projects focused on the Chesapeake Bay, the coastal bays, and other natural resources of the State.

## Environment

### Climate Change

The 2015 Paris Agreement is the latest step in the evolution of the 1992 United Nations Framework Convention on Climate Change. President Barack Obama adopted the Paris Agreement through an executive order on behalf of the United States on September 3, 2016. On June 1, 2017, President Donald J. Trump issued an official statement announcing his intention to withdraw the United States from the Paris Agreement. However, the agreement has a four-year delayed exit period. Thus, the United States cannot fully withdraw from the agreement until 2020.

In response to the federal government's announcement of its intention to withdraw the United States from the Paris Agreement, the governors of California, New York, and Washington created the U.S. Climate Alliance. The U.S. Climate Alliance is a bi-partisan coalition of states that are committed to the goal of reducing greenhouse gas emissions consistent with the goals of the Paris Agreement. On January 10, 2018, Governor Larry Hogan wrote a letter to the Executive Director of the U.S. Climate Alliance announcing that he intends to commit Maryland to participate in the alliance. *Senate Bill 138/House Bill 3 (both passed)* require the Governor to include Maryland as a member of the U.S. Climate Alliance by July 1, 2018, and stipulate that

withdrawal from the alliance is conditional on statutory approval from the General Assembly. The bill also requires the Governor to report annually, beginning December 1, 2018, on the State's participation in the alliance, including (1) any collaborations or partnerships among alliance members or external stakeholders and (2) any policies or programs that the alliance has endorsed, undertaken, or considered.

In 2007, Maryland joined the Regional Greenhouse Gas Initiative (RGGI), as required under the Healthy Air Act of 2006 (Chapters 23 and 301). RGGI is a cap-and-trade program established in conjunction with a number of northeastern and Mid-Atlantic states in an effort to reduce carbon dioxide (CO<sub>2</sub>) emissions from the power sector. Each participating state limits CO<sub>2</sub> emissions from electric power plants, issues CO<sub>2</sub> allowances, and establishes participation in CO<sub>2</sub> allowance auctions. In August 2017, the participating states agreed to further reduce the program's carbon pollution cap another 30% by 2030.

Under the 2007 formalized Memorandum of Understanding that established RGGI, a member state may withdraw from RGGI upon a 30-day written notice. *Senate Bill 290 (Ch. 8)* restricts the State's ability to withdraw from RGGI by requiring statutory approval from the General Assembly prior to withdrawing.

## **Water Quality and Management**

### **Septic Systems**

Chapter 428 of 2004 established the Bay Restoration Fund (BRF), which is administered by the Water Quality Financing Administration within the Maryland Department of the Environment (MDE). The main goal of BRF is to provide grants to owners of wastewater treatment plants to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal technology. BRF is also used to support septic system upgrades and the planting of cover crops.

Of the BRF fee revenue collected from users of septic systems and sewage holding tanks, 60% must be deposited into a separate account (Septics Account) and used for, among other things, grants or loans for up to 100% of the cost of various septic system upgrades or modifications, including (1) the cost of upgrading septic systems to best available technology (BAT); (2) the cost difference between a conventional septic system and one that uses BAT; or (3) the cost of repairing or replacing a failing septic system with one that uses BAT.

In December 2010, the U.S. Environmental Protection Agency established a Chesapeake Bay Total Maximum Daily Load (TMDL), as required under the federal Clean Water Act and in response to consent decrees in Virginia and the District of Columbia. The TMDL sets the maximum amount of nutrient and sediment pollution the bay can receive and still attain water quality standards. As part of the Chesapeake Bay TMDL, bay jurisdictions must develop watershed implementation plans (WIPs) that identify the measures being put in place to reduce pollution and restore the bay.

**House Bill 1765 (passed)** authorizes the State or a local jurisdiction to count a reduction in nitrogen toward the nitrogen load reductions identified in its respective WIP from (1) upgrading a septic system to BAT if the operation and maintenance (O&M) for the septic system is current and (2) pumping out a septic system that is subject to a specified local septic stewardship plan. The bill also expands the authorized uses of the BRF Septics Account to include funding for (1) a local jurisdiction to provide financial assistance to eligible homeowners for the reasonable cost of pumping out septic systems under specified conditions and (2) in fiscal 2020 and 2021, financial assistance to a local jurisdiction to develop a qualifying septic stewardship plan. Finally, the bill requires MDE to convene a meeting of specified representatives to, among other things, ensure that appropriate local personnel are given access to, and training on, the Best Available Technology Management and Network, which is an online database tool for tracking the installation of BAT septic systems, O&M service visits, and various milestones.

### **Water and Sewer Services**

A sanitary commission may disconnect water or sewer service if a water bill is unpaid for 30 days after being sent and after written notice is left on the premises or mailed to the last known address of the owner. In Allegany, Dorchester, Garrett, and Somerset counties, the sanitary commission may disconnect water service to enforce the collection of an unpaid charge that is at least 60 days overdue. If a bill for sewerage service is unpaid for 45 days, a political subdivision may disconnect water service to the property, after providing notice. **Senate Bill 709/House Bill 923 (both passed)** authorize a political subdivision, a sanitary commission, or an authority that provides water and sewer services to (1) develop and implement service affordability programs to assist homeowners having difficulty making payments for water and sewer services and (2) disconnect service to specified vacant property under certain circumstances. If the applicable service entity disconnects water or sewer service to a vacant property, service must be restored under specified circumstances. The bills also express legislative intent that homeowners have access to programs to assist them in meeting payment obligations for water and sewer services.

### **Graywater**

As long-term water shortages increasingly are predicted in areas across the nation, water conservation efforts have become more prominent. One technique is graywater recycling, which is an on-site wastewater treatment and recycling system designed to safely manage wastewater and reduce water consumption. According to MDE, the use of graywater for residential purposes is currently regulated as sewage. A person may only dispose of sewage in accordance with an approved septic system permit or other method of disposal approved by the Secretary of the Environment (or designee). **Senate Bill 496 (passed)** authorizes the use of graywater, under specified conditions, for residential purposes, including household gardening, composting, lawn watering, landscape irrigation, or flushing of a conventional toilet or urinal, and requires MDE to adopt implementing regulations. “Graywater” means used, untreated water generated by the use of and collected from a shower, a bathtub, or a lavatory sink; it does not include water from a toilet, a kitchen sink, or a dishwashing machine.

## Offshore Drilling

In January 2018, the Trump Administration announced plans to significantly expand offshore oil and gas drilling by opening approximately 90% of the nation’s outer continental shelf (OCS) waters to oil and gas leases. The Draft Proposed Program for the 2019-2024 National OCS Oil and Gas Leasing Program authorizes, among other things, nine lease sales in the Atlantic Ocean, with three of those leases located in the Mid-Atlantic. On January 17, 2018, Governor Hogan, along with the governors of Connecticut, Delaware, Massachusetts, North Carolina, Rhode Island, and Virginia, sent a letter to the U.S. Secretary of the Interior requesting exemptions from the plan for their respective states and the Atlantic Coast.

*Senate Bill 1128/House Bill 1456 (both passed)* establish that an “offshore drilling activity” is an ultrahazardous and abnormally dangerous activity and that a person that causes a spill of “oil” or “gas” (as defined in the bills) while engaged in an offshore drilling activity is strictly liable for damages for any injury, death, or loss to person or property that is caused by the spill. “Offshore drilling activity” means (1) the exploration, development, or production of oil or gas in, on, or under federal OCS waters; and (2) the transportation of oil or gas by pipeline, ship, or otherwise from a specific site of exploration, development, or production of oil or gas on the federal OCS. For a more detailed discussion of this issue, see the subpart “Civil Actions and Procedures” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

## Reservoir, Dam, or Waterway Obstruction Plans

Generally, a person must obtain a permit from MDE prior to constructing, reconstructing, or repairing any reservoir, dam, or waterway obstruction. Projects to construct, reconstruct, or repair certain small, low-hazard ponds and dams are exempt from receiving a permit from MDE if the plans and specifications are approved by the appropriate local soil conservation district (SCD). However, local SCDs do not have plan approval jurisdiction over State and federal applicants, and there is no SCD in Baltimore City. Thus, small, low-hazard ponds constructed, reconstructed, or repaired by State, federal, and Baltimore City applicants must obtain a permit from MDE’s Dam Safety Program. *Senate Bill 100 (Ch. 63)* authorizes a designee of MDE to serve as the approval authority for the construction, reconstruction, or repair of certain small, low-hazard ponds, dams, or waterway obstructions, thereby exempting these activities from the requirement to obtain a dam safety permit from MDE.

## Environmental Justice

“Environmental justice” means equal protection from environmental and public health hazards for all people regardless of race, income, culture, and social status. There is a statewide Commission on Environmental Justice and Sustainable Communities within MDE, but there is not an environmental justice commission within Prince George’s County. *House Bill 183 (passed)* establishes the Prince George’s County Environmental Justice Commission to study environmental justice issues in Prince George’s County and make recommendations regarding (1) actions that should be taken to address environmental justice issues in the county and (2) whether the duration of the commission should be extended. The commission must report

its findings and recommendations to the Prince George's County House Delegation by December 31, 2018, and terminates June 30, 2019.

## **Recycling**

The Newsprint Recycled Content Act (Chapter 301 of 1990) established the Newsprint Recycling Board within MDE and required MDE to assess the recycled content used by the newspaper industry as a whole. Each publisher must meet a recycled content percentage requirement of 40% for the total newsprint by weight that is used by the publisher. A newspaper publisher is authorized to apply to the board for an exemption from this requirement. However, according to MDE, the board does not meet regularly and has never granted a waiver. Moreover, MDE advises that the Maryland newspaper publishing industry, as a whole, has always been able to achieve the statutory recycled newsprint content requirement absent a waiver. *Senate Bill 844 (passed)* repeals the board and transfers the board's responsibilities to the Secretary of the Environment.

## **Agriculture**

### **Agricultural Land Preservation**

The Maryland Agricultural Land Preservation Foundation (MALPF), which was established by the General Assembly in 1977 and is part of the Maryland Department of Agriculture (MDA), purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. In addition to funding from the State transfer tax, MALPF is funded with agricultural land transfer taxes, local matching funds, and federal grant funds. As of the end of fiscal 2017, MALPF has acquired 2,242 agricultural preservation easements covering 304,858 acres statewide.

### **Use of Land under Easement**

Generally, MALPF easement properties may not be used for commercial, industrial, or residential purposes unless MALPF determines the purposes are farm- and forest-related uses and home occupations or the purposes are otherwise authorized by law. MALPF regulations establish a process for a landowner to request approval from MALPF for farm-, forest-, or home occupation-related uses or activities even though the use or activity does not strictly fall within the definition of traditional agricultural use.

*Signs or Other Outdoor Advertising Displays: House Bill 1229 (Ch. 66)* authorizes a landowner, without the approval of MALPF, to erect and display on land subject to an easement acquired by MALPF a sign or other outdoor advertising display, measuring not more than four feet by four feet, for, among other things, the purpose of (1) advertising any MALPH-approved farm- or forest-related uses of the property or any home occupations that occur on the property; (2) advertising the sale of agricultural products, consistent with MALPF policies; (3) forbidding trespassing, hunting, or the destruction of property; or (4) supporting a political candidate.

MALPF may authorize such signs or other outdoor advertising displays for the purpose of providing any other information consistent with the purposes of MALPF. The Act applies retroactively to any agricultural preservation easements granted to MALPF before October 1, 2018.

**Special Occasion Events:** *House Bill 1351 (passed)* authorizes a landowner to use a portion of the land subject to a MALPF easement to hold special occasion events for commercial purposes, subject to MALPF approval, any applicable regulations, and other specified conditions. An approval to use a portion of the land subject to an easement to hold special occasion events for commercial purposes automatically terminates on the sale or transfer of the land subject to the easement. The bill applies retroactively to any agricultural preservation easements purchased or acquired by MALPF before June 1, 2018.

### **Lot Release – Definition of Child**

A landowner whose land is subject to a MALPF easement, and who is the original seller of the easement, may apply for the release, free of easement restrictions, of a lot to construct a dwelling house for the use of the landowner or child of the landowner. MALPF indicates that it has interpreted the phrase “child of the landowner” as having the same meaning as the definition of “child” under statutory provisions governing estates of decedents. Under that definition, “child” includes an adopted child, but does not include a stepchild, a foster child, or a grandchild or more remote descendant. For purposes of existing law governing MALPF, *Senate Bill 1140 (passed)* defines “child” as a biological child, an adopted child, or a stepchild, and specifies that “child” does not include a foster child, a grandchild, or a descendant more remote than a grandchild. The bill applies retroactively to any person who is subject to the restrictions of an agricultural land preservation easement held by MALPF.

### **Condemnation of Land under Easement**

Land that is under an agricultural preservation easement held by MALPF or a county agricultural land preservation program may be acquired by condemnation by an agency of the State or of a county or other governmental authority if the acquisition is for a public purpose. According to MALPF, condemnation of land under a MALPF easement occurs infrequently, typically affects only a small portion of an easement, and results in minimal amounts of compensation. *Senate Bill 885 (passed)* modifies, for specified agricultural land preservation easements acquired by donation or approved for purchase on or after July 1, 2018, the method of determining the amount MALPF and other contributors to the original purchase of a MALPF easement must be paid by a condemning authority in the event of condemnation of land. The bill also allows, for specified easements acquired or approved for purchase on or before June 30, 2018, a condemning authority to pay any contributor to the original easement purchase, instead of only paying MALPF or a county agricultural land preservation program. MDA indicates that the bill will allow MALPF to enter into agreements under the federal Readiness and Environmental Protection Integration Program, which funds cost-sharing agreements with state and local governments and conservation organizations to promote compatible land uses and preserve habitats near military installations.

## County Agricultural Land Preservation Programs

A county may retain a portion of the agricultural land transfer tax revenue collected in the county from nonwoodland transfers, but must remit to the Comptroller for deposit in the Maryland Agricultural Land Preservation Fund any amount that has not been spent or committed within three years of the county receiving the revenue. A county is eligible for additional agricultural land preservation funding, primarily the ability to retain a greater share (75% rather than 33.3%) of the agricultural land transfer tax revenue, if the Maryland Department of Planning (MDP) and MALPF certify the county as having established an effective agricultural land preservation program. A certification is effective for three years and, at the request of the county, a program must be recertified if specified criteria are met.

*House Bill 620 (passed)* allows for a recertification of an effective county agricultural land preservation program to be effective for five years rather than three years if MDP and MALPF determine that the county program is consistently effective in the achievement of preservation goals. MDP and MALPF must review a recertification when the county changes the boundary or size of a priority preservation area or adopts a comprehensive rezoning policy that increases the allowable nonagricultural land uses, density, or intensity of development within a priority preservation area. MDP and MALPF may revoke a recertification on a finding that the county action is inconsistent with certain priority preservation area requirements. In addition, the bill increases, from three to six years, the amount of time counties have to use revenue from the agricultural land transfer tax.

## Agritourism

The agricultural census completed by the U.S. Department of Agriculture's National Agricultural Statistics Service in 2012 indicated there were 307 agritourism farms in Maryland with revenues of \$7.3 million. According to MDA, agritourism is increasing in the State as a value-added segment of agriculture and 12 counties have defined "agritourism" in their county codes. To provide clarity and consistency, the Governor's Intergovernmental Commission for Agriculture developed a model definition of "agritourism." *House Bill 252 (passed)* codifies the model definition and authorizes a local jurisdiction to adopt the definition by local ordinance, resolution, law, or rule. The bill defines "agritourism" as an activity conducted on a farm that is offered to a member of the general public or to invited guests for the purpose of education, recreation, or active involvement in the farm operation. Agritourism activities include farm tours, hayrides, corn mazes, seasonal petting farms, farm museums, guest farms, pumpkin patches, "pick your own" or "cut your own" produce, classes related to agricultural products or skills, and picnic and party facilities offered in conjunction with any agritourism activity.

The construction, alteration, or modification of an agricultural building for which agritourism is an intended subordinate use is exempted from adhering to the Maryland Building Performance Standards in specified counties. An existing agricultural building used for agritourism is not considered a change of occupancy that requires a building permit if certain conditions are met. *House Bill 1141 (passed)* extends the exemption to a county where the local governing body has approved the application of the exemption to the county. For further

discussion of *House Bill 1141*, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

## **Agricultural Products and Incentives**

### **Industrial Hemp**

The federal Farm Bill (Agricultural Act of 2014, Pub. L. No. 113-79) allows an institution of higher education or a state department of agriculture to grow or cultivate industrial hemp, notwithstanding the federal Controlled Substances Act and other federal laws. However, the growing or cultivation of industrial hemp must be for purposes of research conducted under an agricultural pilot program or other agricultural or academic research and may be conducted only if allowed under the laws of the applicable state.

*Senate Bill 1201/House Bill 698 (both passed)* establish an Industrial Hemp Pilot Program, administered by MDA, to authorize and facilitate the research of industrial hemp and any aspect of growing, cultivating, harvesting, processing, manufacturing, transporting, marketing, or selling industrial hemp for agricultural, industrial, or commercial purposes. MDA, or an institution of higher education that submits an application to MDA, may grow, cultivate, harvest, process, manufacture, transport, market, or sell industrial hemp under the program if the industrial hemp is grown or cultivated to further agricultural research or academic research purposes. To the extent necessary, MDA or an institution of higher education may contract with a person to grow or cultivate industrial hemp. A person that grows or cultivates industrial hemp under the program may purchase or otherwise obtain seeds that produce plants that meet the definition of industrial hemp and must verify, in a specified manner, that the plants grown or cultivated by the person meet the definition. MDA must certify and register a site that will be used to grow or cultivate industrial hemp and may charge a fee of up to \$250 to certify and register a site. In addition, the bills exclude industrial hemp from the definition of “marijuana” under criminal law provisions addressing controlled dangerous substances.

### **Next Generation Farmland Acquisition Program Funding**

The Agricultural Stewardship Act of 2006 (Chapter 289) authorized, among other things, the development of the Next Generation Farmland Acquisition Program to help qualified young or beginning farmers purchase farmland. The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) launched the program in 2017, after general fund appropriations of \$2.5 million were mandated each year for fiscal 2018 and 2019. Through the program, MARBIDCO provides up to 51% of the fair market value of an agricultural property as a down payment, to help qualified farmers meet the equity requirements of a commercial lender, and takes an option on a farmland preservation easement purchase. The farmer must sell the permanent farmland conservation easement to a rural land preservation program within a specified timeframe or the purchase option will be exercised to grant the permanent easement to a statewide or local rural land trust. *Senate Bill 187 (Ch. 10)*, the Budget Reconciliation and Financing Act of 2018 (BRFA), mandates appropriations of \$2.5 million for the program in fiscal 2020, 2021,

and 2022. For further discussion of the BRFA of 2018, see Part A – Budget and State Aid of this *90 Day Report*.

### **Maryland Loan Assistance Repayment Program for Farmers**

*Senate Bill 991/House Bill 1532 (both passed)* establish the Maryland Loan Assistance Repayment Program for Farmers (Farmer LARP) to assist in the repayment of certain higher education loans leading to a degree in agriculture or an agriculture-related field, including farming, owed by eligible farmers. The Office of Student Financial Assistance in the Maryland Higher Education Commission, in consultation with MDA, must adopt specified regulations related to the administration of the Farmer LARP. For a more detailed discussion of this issue, see the subpart “Higher Education” within Part L – Education of this *90 Day Report*.

### **Fertilizer Use**

The Fertilizer Use Act of 2011 (Chapters 484 and 485) made various changes to State law related to the nitrogen and phosphorus content, and the application, of fertilizers used on turf. It has served as a component of the State’s strategy to reach the State’s targets for reduction of nitrogen, phosphorus, and sediment loading under the Chesapeake Bay Total Maximum Daily Load established by the U.S. Environmental Protection Agency in December 2010. *Senate Bill 203 (passed)* modifies two of the limitations on the application of fertilizers containing nitrogen or phosphorus on turf by professional fertilizer applicators. Specifically, the bill removes a requirement that nitrogen applied to turf (at a specified allowable application rate), by a professional fertilizer applicator, during the period from November 16 through December 1 of each calendar year, be “water-soluble.” The bill also removes a requirement that organic or natural organic fertilizer containing phosphorus that is applied to turf by a professional fertilizer applicator under specified allowable conditions be a “low phosphorus fertilizer.”

### **Adoption of Animals Used in Research**

Under the federal Animal Welfare Act, research facilities that use or intend to use live animals in research, tests, or experiments must be registered with the U.S. Department of Agriculture (USDA) and are inspected by USDA’s Animal and Plant Health Inspection Service at least once per year. A research facility also must appoint an Institutional Animal Care and Use Committee that is responsible for, among other things, reviewing the facility’s program for humane care and use of animals and inspecting the animal facilities.

*Senate Bill 675 (passed)* requires a research facility in which dogs or cats are used for scientific research purposes to take reasonable steps to provide for the adoption of a dog or cat that is determined to be no longer needed for scientific research purposes and is suitable for adoption. The steps taken by the research facility must include (1) establishing a private placement process to provide for the adoption of a dog or cat; (2) establishing a list of animal rescue organizations that are approved by the research facility and are willing to take a dog or cat from the research facility; and (3) offering the dog or cat to the organizations identified on the list if the research facility is unable to place the dog or cat through its private placement process. A research facility

may enter into a collaborative agreement with an animal rescue organization to carry out the bill's provisions.

## **Pest and Invasive Weed Control**

### **Mosquito Control**

*House Bill 400 (passed)* requires the State, a county, or a bi-county agency to provide notification to a municipality of the location and planned date and time of any pesticide spraying to control mosquitos in the municipality at least 24 hours before conducting the spraying. However, if the State, a county, or a bi-county agency determines that spraying a pesticide is necessary to control the outbreak of a virus, contagion, or similar public health threat, notification must be provided to the municipality as soon as practicable.

### **Palmer Amaranth Study**

MDA indicates that Palmer amaranth, an invasive weed, is causing serious issues for farmers and land managers in the State. According to a U.S. Department of Agriculture fact sheet, Palmer amaranth has a rapid growth rate, growing 2 to 3 inches per day (up to 8 feet tall), and is a prolific seed producer, producing 100,000 to 500,000 seeds per plant. MDA has specified authority and responsibility under State law for efforts to control weeds and invasive plants, including (1) working cooperatively with counties to control or eradicate plant species considered to be “noxious weeds” and (2) regulation of “invasive plants” that have the potential to cause harm in the State. *House Bill 515 (passed)* requires MDA, in consultation with representatives of specified State agencies and other interested stakeholders, to conduct a study to assess the adverse financial impact of Palmer amaranth on the agricultural industry in the State and to determine the necessary actions each stakeholder must take to reduce the impact of Palmer amaranth and the cost of each action. MDA must report its findings and recommendations to the Governor and General Assembly by December 1, 2018.



## Part L Education

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### Primary and Secondary Education

#### State Education Aid

##### State Aid to Public Schools

State aid for primary and secondary education increases by \$169.1 million, or 2.6% in fiscal 2019 to \$6.6 billion. State aid provided directly to the local boards of education increases by \$170.6 million, or 3.0%, while retirement aid decreases by \$1.5 million, or 0.2%. Fiscal 2018 to 2019 changes in major State education aid programs are shown in **Exhibit L-1**.

The foundation program totals \$3.1 billion in fiscal 2019, an increase of \$50.9 million, or 1.7%, over fiscal 2018. This increase is due to full-time equivalent enrollment growth of 8,286, or 1.0%, and a 0.8% inflationary increase in the per pupil foundation amount. The increase in the per pupil foundation amount brings it from \$7,012 for fiscal 2018 to \$7,065 for fiscal 2019.

Aside from the foundation program, the largest single increase is \$39.4 million for the Limited English Proficiency Program. This considerable increase is due both to increased enrollment for the program as well as the adoption of more rigorous English proficiency standards for exit from the program. Compensatory education increases by \$2.8 million (0.2%), special education increases by \$5.9 million (2.1%), and transportation funding increases by \$6.2 million (2.3%).

The General Assembly authorized \$13.1 million in State funding for public school safety operating grants in fiscal 2019, however, \$10.0 million of this funding is at the discretion of the Governor and contingent on the enactment of *Senate Bill 1265 (Ch. 30)*. These State aid grants are discussed in further detail under the “School Safety” heading within Part L – Education of this *90 Day Report*. Also, *House Bill 1415 (passed)* alters funding for the Public School Opportunities Enhancement Program (PSOEP) and establishes three new State aid programs, as discussed in more detail below. For more information on education aid by local school system, see the subpart “Aid to Local Government” within Part A – Budget and State Aid of this *90 Day Report*.

**Exhibit L-1**  
**State Aid for Education**  
**Fiscal 2018 and 2019**  
**(\$ in Thousands)**

<b><u>Program</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Foundation Program	\$3,005,270	\$3,056,189	\$50,920	1.7%
Net Taxable Income Grant	49,170	62,524	13,354	27.2%
Tax Increment Financing Grant	422	535	113	26.8%
Geographic Cost of Education Index	139,127	141,574	2,447	1.8%
Supplemental Grant	46,620	46,620	0	0.0%
Foundation Special Grant	0	12,956	12,956	n/a
Declining Enrollment Supplemental	17,244	18,664	1,420	8.2%
Compensatory Education Program	1,305,545	1,308,336	2,791	0.2%
Special Education Program	284,873	290,813	5,939	2.1%
Nonpublic Placements	123,618	123,500	-118	-0.1%
Limited English Proficiency	248,684	288,041	39,358	15.8%
Guaranteed Tax Base	50,304	48,170	-2,135	-4.2%
Student Transportation	276,341	282,585	6,244	2.3%
Prekindergarten Expansion	7,972	11,644	3,672	46.1%
Prekindergarten Supplemental Grant	10,946	16,039	5,093	46.5%
School Safety Grants <sup>1</sup>	0	13,100	13,100	n/a
Aging Schools <sup>2</sup>	6,109	6,109	0	0.0%
Other Programs <sup>1</sup>	74,874	90,317	15,433	20.6%
<b>Direct Aid Subtotal</b>	<b>\$5,647,119</b>	<b>\$5,817,715</b>	<b>\$170,596</b>	<b>3.0%</b>
<b>Teachers' Retirement</b>	<b>\$734,454</b>	<b>\$732,921</b>	<b>-\$1,533</b>	<b>-0.2%</b>
<b>Grand Total</b>	<b>\$6,381,574</b>	<b>\$6,550,636</b>	<b>\$169,062</b>	<b>2.6%</b>

<sup>1</sup>Expenditure in fiscal 2019 of \$10.0 million of the \$13.1 million in School Safety Grants and \$9.0 million in Other Programs (associated with three programs created under [House Bill 1415](#)) is at the Governor's discretion. Other Programs include general and special funds supporting the School for Education Evolution and Development, formulas for specific populations, infants and toddlers, innovative programs, food service, teacher development, adult education, three programs created under [House Bill 1415](#), and other programs.

<sup>2</sup>The Aging Schools Program is funded with general obligation bonds.

Source: Department of Legislative Services

**Tax Increment Financing Development District:** Chapter 258 of 2016 established grants, for fiscal 2018 and 2019, for school systems in counties that establish a tax increment financing

(TIF) development district after May 1, 2016, and that qualify for State disparity grant funding. State education aid is calculated twice for eligible systems, once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district, and a State grant provides the higher amount of State aid between the two calculations. Baltimore City Public Schools has received grants of approximately \$422,100 in fiscal 2018 and \$541,700 in fiscal 2019 due to the law, which was set to terminate on June 30, 2019. *Senate Bill 612/House Bill 693 (both passed)* repeal the termination date of the Act.

***Education Funding from Commercial Gaming Revenues:*** The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) established funding formulas for direct State aid to public schools. Established during the 2007 special session, the Education Trust Fund is a nonlapsing, special fund to be used for continued funding of the Bridge to Excellence in Public Schools Act formulas and programs. The fund may also be used to support capital projects for public schools, community colleges, and public four-year institutions, as well as to expand public early childhood education programs in the State. A portion of the proceeds from video lottery terminals (VLTs) and table games is dedicated to the Education Trust Fund.

*Senate Bill 1122 (passed)* is a proposed constitutional amendment that, if approved by the voters at the 2018 general election, requires the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total at least \$125 million in fiscal 2020, \$250 million in fiscal 2021, and \$375 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. This supplemental funding is in addition to the State funding provided through the Bridge to Excellence in Public Schools Act. Beginning in fiscal 2020, the Governor must identify in the annual State budget how the supplemental revenue is being used to supplement and not supplant spending on public schools. If the constitutional amendment is approved, general fund expenditures benefiting public schools in the State are expected to increase by \$125 million in fiscal 2020 and by \$522 million in fiscal 2023. The bill also repeals the constitutional provision specifying that capital projects at community colleges and public senior higher education institutions are among the purposes for which revenue from VLT facilities is raised.

### **State Aid to Nonpublic Schools**

Nonpublic schools receive assistance from the State in the operating budget through the Aid to Nonpublic Schools Program, which supplies textbooks and technology, and the Broadening Options and Opportunities for Students Today (BOOST) Program, which provides scholarships to students who receive free and reduced-price meals to attend nonpublic schools. Funding for both of these programs is provided using special funds from the Cigarette Restitution Fund.

Since fiscal 2016, language regarding nondiscrimination in employment and student admissions has been included in the annual authorization for the Aid to Nonpublic Schools Program. Because schools must first participate in Aid to Nonpublic Schools to participate in the BOOST Program, this language has been applied to the BOOST Program since it received funding for the first time in fiscal 2017. Due to concerns about schools participating in these programs not

following nondiscrimination requirements, the General Assembly added additional provisions for the fiscal 2019 appropriations. These include the requirement that participating schools submit for review student handbooks or student admissions policies, requirements to return textbooks and technology if a school is found to be in violation of the nondiscrimination language, and intent that a three-year ban from the program be implemented beginning with the year a school is found ineligible. *Senate Bill 187 (Ch. 10)*, the Budget Reconciliation and Financing Act of 2018, also reduces the appropriation for the Aid to Nonpublic Schools Program in fiscal 2018 for schools found ineligible and specifies that any school deemed ineligible for the BOOST Program by the BOOST Advisory Board is also ineligible for the Aid to Nonpublic Schools Program.

The BOOST Program receives \$7 million in new funding in fiscal 2019, as well as approximately \$600,000 in funding from fiscal 2018 that is carried forward. This brings total funding for the BOOST Program in fiscal 2019 to \$7.6 million, approximately \$1.6 million over fiscal 2018 funding. Language specifies that \$600,000 of the authorized funding must provide higher scholarship awards to students with special needs, and directs the BOOST Advisory Board to make recommendations on encouraging nonpublic schools to admit students with special needs. Finally, new participation and administrative requirements were added for fiscal 2019. These include the requirement that the BOOST Advisory Board make all of its awards by January 15, 2019, that participating schools must offer standardized assessments selected from the list of assessments used for the National Blue Ribbon Schools Program, and that the Maryland State Department of Education (MSDE) must include in its annual BOOST Program report information on students who received BOOST Program scholarships and withdrew or were expelled from the nonpublic schools that they were attending.

### **Commission on Innovation and Excellence in Education**

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten. The commission members were appointed during summer 2016, with former University System of Maryland Chancellor Dr. William "Brit" Kirwan appointed to serve as chair of the commission. To date, the commission has held 17 all-day meetings and four public hearings.

The commission requested an additional year in order to fully respond to its charge. In a preliminary report completed in January 2018, the commission submitted its preliminary policy recommendations (59 in total). It also stated its intention to work during the 2018 interim to develop greater specificity for each recommendation in order to "cost out" their fiscal impact, thereby allowing the commission to make recommendations for adequate funding in its final 2018 report.

**House Bill 1415 (passed)** extends the deadline for the commission to complete its work to December 31, 2018, extends the term of the commission until May 31, 2019, and includes provisions that align with several of the commission’s preliminary policy recommendations. Specifically, the bill establishes or alters several programs and mandates funding for them beginning in fiscal 2019, including (1) a comprehensive teacher recruitment and outreach program; (2) the Maryland Early Literacy Initiative; (3) the Learning in Extended Academic Programs (LEAP) grant program; (4) PSOEP; (5) the Teaching Fellows for Maryland scholarship program; and (6) the Career and Technology Education (CTE) Innovation grant program. The fiscal 2019 budget restricts \$6.9 million to implement these programs, contingent on the enactment of **House Bill 1415** and the Governor transferring the funds.

In addition, beginning in fiscal 2020, the Governor must annually appropriate to the Prekindergarten Expansion Fund an amount that is at least equal to *all* revenues received in the prior fiscal year. Finally, the scope of a study of the individualized education program process in Maryland is expanded, and the due date for the study is extended.

The bill also establishes the Commission on Innovation and Excellence in Education Fund, a special, nonlapsing fund intended to assist in providing adequate funding for early childhood and primary and secondary education based on the final recommendations of the Commission on Innovation and Excellence in Education. The Comptroller is required to make a one-time distribution of \$200 million in income tax revenue to the fund in order to make a down-payment on the cost of implementing the final commission recommendations.

The comprehensive teacher recruitment and outreach program is intended to encourage the top 25% of high school students from each local school system to consider pursuit of a Maryland professional teacher’s certificate; improve the public perception of the teaching profession; and increase awareness of available financial aid programs for teaching candidates, including the Teaching Fellows for Maryland scholarship program. The outreach program must focus recruitment efforts on ethnic, racial, gender, and other demographic groups that are underrepresented in the teaching profession and teacher shortage fields identified by MSDE.

The Maryland Early Literacy Initiative is intended to assist up to 50 Title I public schools in at least three counties to implement an evidence-based literacy program to work with specified students to meet literacy targets. For the 2018-2019 through the 2021-2022 school years, qualifying schools may apply for a grant to develop a literacy program. MSDE must distribute up to 50 grants, not to exceed \$75,000 each per year, for a two-year period. Grants must be renewed if the qualifying school presents evidence that the school is compliant with program requirements and meets identified targets and benchmarks. Grantee programs must be implemented by staff hired and supervised by the local boards of education or collaborating nonprofit organizations. In fiscal 2019 through 2022, the Governor must appropriate at least \$2.5 million annually for the initiative. MSDE may use up to 3% of this appropriation (\$75,000) to administer the initiative.

The LEAP grant program provides grants to public schools in which at least 80% of students qualify for free and reduced-price meals to provide extended academic programming that

has a positive measurable impact on or enriches the academic performance and overall well-being of students who are at risk of falling behind academic requirements. An extended academic program must include before and after school, weekend, or summer programs. Beginning in fiscal 2019, the Governor must appropriate at least \$4.5 million annually for the program. MSDE may use up to 3% of this appropriation (\$135,000) to administer the program.

Beginning in fiscal 2019, and for each year thereafter, the Governor must appropriate at least \$3.0 million annually for PSOEP, which was established by Chapter 32 of 2016. Also, a grantee that remains eligible for the program must receive as much grant funding as in the prior fiscal year.

The Governor must include at least \$2.0 million in the annual State budget for the Teaching Fellows for Maryland scholarship, which was created by Chapters 542 and 543 of 2014 but has never been funded. Eligibility for the program is altered such that scholarship recipients must have a specified level for GPA, GRE, SAT, or ACT and demonstrated an exceptional dedication to or aptitude for teaching. A scholarship may be received by an individual who is enrolled, or intends to enroll, at an institution of higher education in order to attain a teaching certificate and includes those who either change majors or seek to change careers to pursue a teaching certificate. Students receiving a scholarship must, as their service obligation, teach in a public school or prekindergarten program with at least 50% of its students being eligible for free and reduced-price meals for a specified amount of time.

MSDE must administer the CTE Innovation Grant Program to fund partnerships between at least one local board of education, community college, and industry partner to develop and implement an innovative CTE curriculum framework and pathway that includes best practices in the United States and other countries. To be eligible for a grant, the pathway to be developed must be of high quality; aligned with skills needed by employers; lead to an industry-recognized license or certificate; create internship or apprenticeship opportunities; and prepare students to successfully compete in a global economy. The Governor must appropriate at least \$2.0 million annually for the grant program. MSDE may use up to 3% of this appropriation (\$60,000) to administer the program.

Finally, the scope of the required special education study under Chapter 715 of 2017 is expanded to include a review and assessment of (1) available national and international data and studies on current costs of special education across the spectrum of disabilities and severity; (2) methodologies used by top-performing countries to estimate costs of providing adequate education to students in special education; and (3) methodologies used and considered in other states that use a special education weight for estimating the cost of an adequate education for special education students. The study must make recommendations on the adequate level of special education funding, including the appropriate weights, in the public school funding formulas for special education. The study must begin by September 1, 2018, and must be completed by September 1, 2019.

## Capital School Construction

In total, \$417.1 million is provided for public school construction projects in the fiscal 2019 operating pay-as-you-go (PAYGO) and capital budgets. This exceeds the \$400 million goal set by [\*House Bill 1783 \(Ch. 14\)\*](#), which is discussed further below. It includes a total of \$23.5 million for school security improvements, also discussed below and under the “School Safety” heading within Part L – Education of this *90 Day Report*, and \$15 million for heating, ventilation and air conditioning projects in Baltimore City schools. An additional \$6.1 million for the Aging Schools Program and \$3.5 million for the Nonpublic Aging Schools Program is also provided in the capital budget.

### Public School Construction Program

The fiscal 2019 capital budget includes \$313.9 million to support the traditional Public School Construction Program (PSCP) provided through general obligation (GO) bonds. As shown in **Exhibit L-2**, \$210.0 million has already been approved by the Board of Public Works (BPW), as well as an additional \$11.9 million in contingency funds for Baltimore City. The Interagency Committee on School Construction (IAC) also made recommendations for an additional \$72.5 million in GO bond funding in February 2018 and will allocate all remaining PSCP funding in accordance with language in the capital budget bill that makes the final fiscal 2019 allocations by the IAC not subject to BPW approval.

**Exhibit L-2**  
**Fiscal 2019 Public School Construction Program Funding**  
(\$ in Thousands)

LEA	IAC/BPW Approved January 2018	IAC Additional Rec. February 2018	Total Approved/Rec. to Date
Allegany	\$2,900	\$945	\$3,845
Anne Arundel	16,464	0	16,464
Baltimore City	31,959 <sup>1</sup>	20,595	52,554
Baltimore	18,742	9,664	28,406
Calvert	6,451	0	6,451
Caroline	423	0	423
Carroll	5,174	842	6,016
Cecil	3,758	802	4,561
Charles	8,595	0	8,595
Dorchester	5,021	5,505	10,526
Frederick	12,507	1,567	14,074
Garrett	0	0	0
Harford	7,000	5,101	12,101
Howard	4,450	-40 <sup>2</sup>	4,410
Kent	0	0	0
Montgomery	23,817	3,982	27,800
Prince George's	21,513	8,145	29,658
Queen Anne's	806	0	806
St. Mary's	4,638	0	4,638
Somerset	13,000	4,022	17,022
Talbot	4,000	3,682	7,682
Washington	10,474	1,350	11,824
Wicomico	5,709	2,896	8,605
Worcester	2,500	1,652	4,152
Maryland School for the Blind	12,000	1,800	13,800
Unallocated GO authorization <sup>3</sup>			31,390
<b>Total</b>	<b>\$221,901</b>	<b>\$72,510</b>	<b>\$325,801</b>

BPW: Board of Public Works

GO: general obligation bonds

IAC: Interagency Committee on School Construction

LEA: local education agency

Rec.: recommendations

<sup>1</sup>Includes approximately \$11.9 million in contingency funds to be used on air conditioning projects.

<sup>2</sup>IAC recommends reducing Howard County's funding level after having overfunded a project in the January approvals.

<sup>3</sup>IAC will allocate remaining GO bond funds (\$31.4 million) and additional contingency funds.

Source: Interagency Committee on School Construction; Department of Legislative Services

As introduced, the fiscal 2019 operating budget included \$4.9 million in PAYGO for PSCP, as a replacement for funding from Qualified Zone Academy Bonds which are no longer authorized by the federal government. The General Assembly chose instead to reserve this funding for the statewide facilities assessment required by *House Bill 1783* and replaced it with GO bond funding in PSCP by increasing its GO bond authorization from \$309.0 million to \$313.9 million.

The General Assembly also authorized a separate \$35.0 million in PAYGO funding for specific purposes. This includes \$20.0 million (\$10 million repurposed from funding in Supplemental Budget No. 3 for school safety grants and \$10 million from bond premiums) to be distributed to public schools by IAC to make security improvements and \$15.0 million from bond premiums for heating, ventilation, and air conditioning improvements in Baltimore City Public Schools.

**School Systems with Significant Enrollment Growth or Relocatable Classrooms**

The fiscal 2019 capital budget, as introduced, included the statutory \$40.0 million for the Capital Grant for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms. The General Assembly added \$28.2 million to the program and specified the allocation, bringing the total up to \$68.2 million in GO bond funding. **Exhibit L-3** details the distribution of the funding.

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**Exhibit L-3**  
**Capital Grant for Local School Systems**  
**with Significant Enrollment Growth or Relocatable Classrooms**  
**Fiscal 2019**  
**(\$ in Thousands)**

<b><u>Local School System</u></b>	<b><u>As Introduced</u></b>	<b><u>Additional</u></b>	<b><u>Total</u></b>
Anne Arundel	\$6,056	\$1,860	\$7,916
Baltimore County	8,308	2,545	10,853
Howard	4,170	1,276	5,446
Montgomery	11,878	14,034	25,912
Prince George’s	9,588	8,485	18,073
<b>Total</b>	<b>\$40,000</b>	<b>\$28,200</b>	<b>\$68,200</b>

Source: Public School Construction Program; Department of Legislative Services

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**Public and Nonpublic Aging Schools**

The fiscal 2019 capital budget includes the statutory \$6.1 million in GO bond funding for the Aging Schools Program, which provides funds to local school systems for improvements, repairs, and deferred maintenance in public school buildings. The capital budget as introduced included an additional \$1.5 million for air conditioning improvements at the KIPP Charter School

in Baltimore City, but this funding was deleted by the General Assembly as there is no precedent for providing funding for specific projects through the Aging Schools Program and additional information that the KIPP school is moving to another building.

Nonpublic schools receive \$7.0 million in the fiscal 2019 capital budget. Of this amount, \$3.5 million is provided as GO bond funding through the Nonpublic Aging Schools Program, which was first established in fiscal 2014 and provides grants for projects at nonpublic schools that are also eligible for the Nonpublic Textbook Program, and is renamed as the James E. “Ed” DeGrange Nonpublic Aging Schools Program in the fiscal 2019 capital budget. Additionally, \$3.5 million is provided as PAYGO from bond premiums to fund grants for nonpublic schools to make school safety improvements.

### **Public School Facilities**

*21st Century School Facilities Commission:* The 21st Century School Facilities Commission, established by the Presiding Officers in 2016, was charged with multiple responsibilities, including (1) identifying areas where innovative financing mechanisms can be used for construction; (2) determining areas for efficiencies and cost-saving measures for construction and maintenance; and (3) reviewing the relationship between State agencies and local governments. The commission released its final report in December 2017, which included five major conclusions and 36 recommendations.

Under current law, subject to the final approval of BPW, IAC manages State review and approval of local school construction projects. However, in several years, including most recently in fiscal 2018 and 2019, capital budget bill language has provided that IAC makes the final funding allocations.

*House Bill 1783 (Ch. 14)*, the 21<sup>st</sup> Century School Facilities Act, makes comprehensive changes to school construction funding and approval processes that, with the exception of provisions related to IAC, were based largely on the recommendations of the commission. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session and the bill became law. The Act (1) alters the name, composition, and role of IAC; (2) requires periodic public school facilities assessments; (3) streamlines the State approval process for school construction projects; (4) establishes an annual goal that at least \$400 million for public school construction be provided as soon as practicable; and (5) includes a requirement that \$10 million for school safety improvements be provided beginning in fiscal 2019.

The Interagency Committee on School Construction is renamed the Interagency *Commission* on School Construction (still referred to as IAC) and made an independent commission within MSDE. IAC’s membership is expanded from five to nine members, which includes four additional public members: two appointed by the Governor; and two appointed by the Presiding Officers (one each). BPW’s authority to grant final approval with respect to public school construction projects is transferred to IAC.

By July 1, 2019, IAC must complete an initial statewide facilities assessment based on sufficiency standards it develops and then update the assessment data regularly. A workgroup,

which includes legislators and representatives of State and local governments, must then consider how to use the results of the assessment in making school construction funding decisions. Based on the workgroup’s recommendations, IAC must adopt regulations no earlier than May 1, 2020, that establish the use of facility assessment results in annual school construction funding decisions beginning no *earlier* than fiscal 2021.

The Act expresses legislative intent that the State should provide at least \$400 million for school construction each year, which can be phased in over several years. The annual goal should be recalculated to reflect the initial school facility assessment and the findings of the facilities assessment workgroup. The Act also mandates the School Safety Grant program to be administered by IAC to provide \$10.0 million in annual grants to local school systems for security improvements beginning in fiscal 2019 (although \$10 million is mandated, the fiscal 2019 operating and capital budgets reserve a total of \$20.0 million for these grants).

The Act generally maintains existing IAC review and oversight of educational specifications and schematic designs, but reduces State oversight of design and construction documents for specified types of public school construction projects. Change orders for major construction projects and systemic renovation projects and most projects funded entirely by local funds are no longer reviewed by the Department of General Services (DGS) or approved by IAC. In addition, DGS, with the review and approval of IAC, must develop a certification process by which a local school system may be exempt from IAC/DGS review of educational specifications, schematic designs, and design and construction documents; and IAC oversight of compliance with preventative maintenance schedules, which the Act requires local school systems to develop and report to IAC on implementation of those schedules. Systems that successfully complete the certification process must be exempt for five years, which is renewable. The Act also makes changes to increase the efficiency of the procurement of public school construction services.

The Act requires IAC to establish incentives for local school systems to construct net-zero buildings, as defined by the Act; use energy efficient or other preferred materials in public school construction; and use prototype school designs. It further requires IAC to develop mechanisms and incentives for regional school construction projects, such as public-private partnership zones and CTE high schools, and make recommendations to the Commission on Innovation and Excellence in Education by July 1, 2018.

Finally, it also establishes a revolving loan fund to provide loans to local governments to forward fund the local share of school construction projects; expands allowable alternative financing methods for public school buildings; and establishes a workgroup to examine the space guidelines and square footage allocations that determine eligibility for State support for public school construction projects.

***Healthy School Facility Fund:*** In January 2018, all public schools in Baltimore City were closed for one day due to heating outages that left students in unheated classrooms as a result of the extremely cold weather and aging facilities. Approximately 60 public school buildings were closed for more than one day due to lack of heating and related problems such as burst pipes. A total of 80 buildings were impacted by the extreme weather conditions.

**Senate Bill 611 (passed)** is an emergency bill that establishes the Healthy School Facility Fund within the IAC to provide grants to public schools to improve the health of school facilities. The Governor must appropriate \$30.0 million for the special fund in fiscal 2020 and 2021, which must be in addition to funds that would otherwise be appropriated for public schools. The IAC must administer the grant program and give priority in awarding grants to schools based on the severity of issues in the school, including (1) air conditioning; (2) heating; (3) indoor air quality; (4) mold remediation; (5) temperature regulation; (6) plumbing; and (7) windows. No jurisdiction may receive more than \$15.0 million in a given fiscal year, and the total amount of a grant is not required to cover the full cost of a project.

**Public School Facility Construction Innovation Incentive Pilot Program: Senate Bill 92/House Bill 968 (both passed)** establish a voluntary incentive program to encourage the school systems in Harford, Prince George's, and Washington counties to pursue innovative, cost-saving public school construction projects. Projects in the three counties that are participating in the program with a below-average cost per student receive a higher State share of eligible project costs.

**School Construction Permits:** With the approval of the State Superintendent, each local board of education may buy or otherwise acquire land, school sites, or buildings and rent, repair, improve, and build school buildings or approve contracts for doing so, if the plans conform to requirements of the State Board of Education. The construction or remodeling of a school building must conform to all applicable State and county building, electrical, fire, and plumbing regulations and codes. A fee may not be charged for a permit necessary to comply with the regulations and codes, except for water and sewer permits or for connection and service charges for water and sewer services. **House Bill 221 (Ch. 81)** requires each county or municipality, to the extent practicable, to expedite the process for the application and issuance of a permit related to or required for the construction of a public or private school facility.

## School Safety

Following the tragic shootings at Marjory Stoneman Douglas High School in Florida and at Great Mills High School in St. Mary's County, the General Assembly passed legislation that takes a comprehensive approach to make schools in the State safer by enhancing both the security of school buildings and the assessment and training of school staff and students to be better prepared for critical situations, as well as ensure that mental health and wraparound services are available to students who display behaviors of concern. Combined, the fiscal 2019 operating and capital budgets, **Senate Bill 1265 (Ch. 30)**, and **House Bill 1783** provide \$40.6 million for school safety-related purposes in fiscal 2019 and \$22 million in ongoing funding beginning in fiscal 2020.

**Maryland Safe to Learn Act of 2018: Senate Bill 1265**, the Maryland Safe to Learn Act of 2018, establishes a School Safety Subcabinet chaired by the State Superintendent of Schools and including five other State agency leaders, which serves as the governing board for the existing Maryland Center for School Safety (MCSS). An advisory board with broad stakeholder representation is also created to assist the subcabinet. For administrative purposes, MCSS is reassigned as an independent unit within MSDE. The Act requires that local school systems

conduct school safety evaluations of all public school facilities by June 15, 2019, to identify and address physical safety concerns and any patterns of safety concerns on school property or at school-sponsored events. In addition, the legislation requires school systems to develop assessment teams to identify and intervene with students and other individuals who pose potential threats to school safety. The Act includes various data gathering and reporting requirements for MCSS, local school systems, and law enforcement agencies related to school safety.

The Act enhances the presence of school resource officers (SROs) and/or local law enforcement in or near public schools. By September 1, 2019, SROs and other school security personnel (as defined by the subcabinet) are required to complete specialized training based on a curriculum developed by MCSS and approved by the Maryland Police Training and Standards Commission. Before the 2018-2019 school year, local school systems must identify which public high schools have an SRO and, for any high school without an SRO, the adequate local law enforcement coverage that is provided to the high school. Beginning with the 2019-2020 school year, this requirement for SRO/local law enforcement coverage extends to *all* public schools in accordance with local plans developed by the school system and law enforcement to provide adequate coverage.

By September 1, 2018, each local school system must appoint a mental health services coordinator to (1) coordinate existing mental health services and referral procedures; (2) work with local entities to ensure that students referred for mental health services obtain the necessary services; (3) maximize external funding for mental health and wraparound services; and (4) develop plans for delivering mental health and wraparound services to students who exhibit behaviors of concern. By December 1, 2018, the subcabinet must review the plans developed by each school system, conduct a gap analysis of available mental and behavioral health services and providers for school-age children in the State, and report its findings and recommendations to the Governor and General Assembly. The Commission on Innovation and Excellence in Education is also required to make recommendations in its final report, due by December 31, 2018, on needed mental health and wraparound services and funding to support the services.

Each local school system must also designate a school security coordinator, who must be certified by MCSS, to coordinate between MCSS, the school system, and law enforcement. In the event of a life-threatening incident, a local school system must invite MCSS and State and local law enforcement to participate in the after-action incident review. Following the review, MCSS must report to the Governor and General Assembly on any recommendations to improve school safety.

The fiscal 2019 budget provides MCSS with \$3.0 million in general funds and 14 positions to support its operations. Budget bill language adopted by the General Assembly makes \$2.5 million and 13 of those positions, which represent the increase over fiscal 2018, contingent on the enactment of *Senate Bill 1265*. Additionally, grants to local school systems and law enforcement agencies account for \$37.6 million of the total \$40.6 million fiscal 2019 appropriation. For more information about school safety funding in fiscal 2019, see the subpart “Selected Budgetary Initiatives and Enhancements” within Part A – Budget and State Aid of this *90 Day Report*.

Beginning in fiscal 2020, the mandated appropriation for MCSS's operations is at least \$2.0 million. *Senate Bill 1265* also mandates \$10 million in annual grants to help defray the cost of expanded SRO/local law enforcement coverage for public schools beginning in fiscal 2020. Funds appropriated to the Safe Schools Fund in fiscal 2019 may also be spent in future years, in addition to the annual \$600,000 in special funds. Finally, *House Bill 1783* mandates \$10 million in annual school safety capital grants.

**Reporting Child Abuse:** *House Bill 1386 (Ch. 32)* encourages each public school in the State to post the appropriate telephone number for reporting suspected child abuse or neglect conspicuously in a high-traffic, widely used area. Each local school board must ensure that this telephone number is published in each public school's student handbook and on the website of the local board or local school system.

**Child Sexual Abuse Prevention Instruction:** An educator, including any teacher, counselor, social worker, caseworker, and parole or probation officer, who has 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. Under *House Bill 1072 (Ch. 31)*, a local board of education or a nonpublic school that receives State funds must require each employee to receive instruction annually on the prevention, identification, and reporting of child sexual abuse. In addition, each local board of education must establish and implement policies that support the prevention of child sexual abuse and develop employee codes of conduct that address appropriate contact between staff and students. By December 1, 2018, the IAC and the State Council on Child Abuse and Neglect must jointly develop guidelines and best practices for the assessment and modification of physical facilities and spaces to reduce opportunities for child sexual abuse. Beginning in the 2019-2020 school year, each local board must develop policies and procedures on the use and modification of physical facilities and spaces to reduce opportunities for child sexual abuse.

**Bullying, Harassment, and Intimidation:** MSDE must require each local board of education to report incidents of harassment or intimidation against public school students that occur on public school property, at school activities or events, or on school buses. Chapter 489 of 2008 required the State Board of Education to develop a model policy that prohibits bullying, harassment, and intimidation in schools. Using the model policy, local boards of education were required to develop policies for the public schools under their jurisdiction.

Under *Senate Bill 725 (passed)*, a school principal may make a report to any relevant law enforcement agency if, after an investigation is completed, the school principal has reason to believe that a student has engaged in conduct that constitutes an offense under the criminal statutes for first-degree assault, second-degree assault, misuse of electronic communication or interactive computer service, or revenge porn. The bill also alters the requirements for mandatory reporting of harassment or intimidation against public school students to include behavior that is sexual in nature. MSDE's Model Policy to Address Bullying, Harassment, or Intimidation must include model procedures for providing notice of an act of bullying, harassment, or intimidation to a parent or guardian of the alleged victim within three business days and the parent of the alleged

perpetrator within five business days after the date the act is reported. The bill makes similar changes to the policy for nonpublic schools.

## Curriculum

***GED Option Program for English Language Learners:*** A Maryland resident may obtain a high school diploma by examination (GED) if the individual is at least 18 years old and has not obtained a high school diploma. To qualify, the individual must have withdrawn from a regular full-time public or private school program. ***Senate Bill 43/House Bill 193 (both passed)*** exempt individuals from the requirement to withdraw from high school prior to obtaining a GED if the individual (1) is a currently enrolled English language learner; (2) is under the age of 21 years; (3) has experienced interrupted education; (4) has a lower level of English proficiency than his or her peers; and (5) participates in a GED Option Program administered by MSDE.

***Instruction on Consent and Personal Boundaries:*** Chapter 609 of 2016 required the State Board of Education and certain qualifying nonpublic schools in the State to develop and implement a program of age-appropriate education on sexual abuse and assault awareness and prevention. ***Senate Bill 402/House Bill 251 (both passed)*** require, beginning in the 2018-2019 school year, a local board of education to provide age-appropriate instruction on the meaning of “consent” and respect for personal boundaries as part of the Family Life and Human Sexuality curriculum in every grade in which the curriculum is taught in public schools. “Consent” is defined as the unambiguous and voluntary agreement between all participants in each physical act within the course of interpersonal relationships, including respect for personal boundaries.

***Computer Science Education and Professional Development:*** ***House Bill 281 (passed)*** requires, beginning in the 2021-2022 school year, each public high school to offer at least one high-quality computer science course. The bill establishes the Maryland Center for Computing Education in the University System of Maryland to expand access to high-quality computer science education in grades preK through 12 by strengthening the skills of educators and increasing the number of computer science teachers in elementary and secondary education. The bill establishes a special fund to support the activities of the center. The Governor must appropriate at least \$1 million in fiscal 2020 and 2021 for the fund. The fiscal 2019 budget includes \$5 million for the center, contingent on enactment of ***House Bill 281***.

***Juvenile Services Education County Pilot Program:*** ***House Bill 1607 (passed)*** establishes a juvenile services education county pilot program beginning in the 2019-2020 school year for one juvenile services education program to be operated by a local board of education. The participating local board must ensure that eligible individuals have access to curricula and other content standards that are comparable to those provided to other students in the county. The State must provide funding to a participating county in accordance with a required reimbursement. The bill also authorizes individuals providing juvenile services education for MSDE and the local school board participating in the pilot program to be employed for 10-month or 2-month periods. MSDE must convene a workgroup to analyze the results of the pilot program and report its findings and recommendations by December 1, 2019. The provisions related to the workgroup terminate June 30, 2020.

## Early Childhood Education

**Head Start Program Funding:** Supplemental State funding for the Head Start program has been funded at \$1.8 million per year since fiscal 2010 but was funded at \$3.0 million per year before fiscal 2010. These funds were used to supplement federal funding and were used to expand and improve services including expanding the hours of services, increasing the number of children served, and developing improvements in the quality of the services. **Senate Bill 373/House Bill 547 (both passed)** require the Governor to include an appropriation of at least \$3.0 million in the annual State budget for the Head Start Program and renames the program the Ulysses Currie Head Start Program after State Senator Ulysses Currie.

**Child Care Subsidy Program:** The Child Care Subsidy (CCS) Program provides to the family of each child needing care a voucher that indicates the subsidy rate and the parent's assigned co-payment for child care. The family uses the voucher to purchase child care directly from the provider of their choice. The State pays the subsidy to providers, while the parent pays the required co-payment and any remaining balance between the actual rate charged by the provider and the voucher amount. CCS provider rates are a weekly rate determined by the region, type of provider, and age of the child.

**Senate Bill 379/House Bill 430 (both passed)** require the Governor to include in the annual State budget an appropriation from all fund sources for the CCS program that is not less than the total appropriation for the program in fiscal 2018 or 2019, whichever is greater. The Governor also must, from all fund sources, appropriate enough funds to raise the program's reimbursement rates for each region to the following minimum percentiles of the most recent market rate survey or its equivalent, if an alternative methodology defined by MSDE is used: (1) the thirtieth percentile for fiscal 2020; (2) the forty-fifth percentile for fiscal 2021; and (3) the sixtieth percentile for fiscal 2022 and each fiscal year thereafter.

**House Bill 941 (passed)** requires MSDE to administer the CCS Program in accordance with federal law. An individual is eligible to continue to receive a subsidy for at least 90 days in a year if the individual is unemployed, seeking employment, and meets any other eligibility criteria determined by MSDE.

## Health and Mental Health

**Students with Sickle Cell Disease:** By December 1, 2018, **Senate Bill 161/House Bill 622 (both passed)** require MSDE and the Maryland Department of Health (MDH) to develop guidelines for public schools on the administration of health care services to students with sickle cell disease. The guidelines must include procedures for educating school personnel and individuals who work with students and protocols to ensure students with sickle cell disease receive care during school activities. MSDE and MDH must also provide technical assistance to schools to implement the guidelines, develop a monitoring process, and establish a plan for all public school health services programs in the State to provide sickle cell disease management services for students. MSDE and MDH must also report on the implementation of the bill.

**Sunscreen Use Policy:** *House Bill 427 (Ch. 33)* requires each local board of education to adopt a written policy authorizing a student to possess and use sunscreen on school property or at a school-sponsored activity without written permission from a health care provider. In addition, each local board of education must encourage public schools to educate students about sunscreen, sun safety, and the policy established under the Act.

**Hearing and Vision Screenings:** Each local board of education or local health department must provide hearing and vision screenings for all students in local public schools. Unless evidence is presented that a student has been tested within the past year, the screenings must take place in the years that a child enters a school system, enters the first grade, and enters the eighth or ninth grade. *Senate Bill 570/House Bill 798 (both passed)* clarify that vision screenings must be given unless evidence is presented that the student has been tested specifically by an optometrist or ophthalmologist within the past year. The bills also require notice and educational materials to be given to parents or guardians for all students receiving vision and hearing screenings. For students who fail the vision screening, additional information must be provided containing, among other things, a recommendation that the student be tested by an optometrist or ophthalmologist and information on locally available free or low-cost nonprofits that provide eye exams and eyeglasses for children. Further, *House Bill 1136 (passed)* requires MDH to review hearing and vision screening reports from local boards of education and local health departments. In counties where fewer than 50% of students who have failed the screenings are receiving recommended services, MDH must coordinate with the local board of education or the local health department to implement measures to improve the number of students receiving the recommended services.

**School Meals Programs:** All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. In addition, some nonpublic schools provide free and subsidized meals to eligible students. Funding, including federal funds, appropriated annually by the State are used to reimburse each county or participating nonpublic school for the subsidized or free food-service programs. To be eligible for free meals, a child's family must have an annual income of no more than 130% of the federal poverty guidelines and, to be eligible for reduced-priced meals, a child's family must have annual income of no more than 185% of the federal poverty guidelines.

*Senate Bill 740/House Bill 315 (both passed)* make the State responsible for the student share of the costs of reduced-price breakfasts provided under the federal School Breakfast Program and reduced-price lunches provided under the National School Lunch Program by fiscal 2023 and phases in this responsibility beginning with fiscal 2020. The bills apply to public school students and students in nonpublic schools that participate in the federal breakfast and lunch programs. A local board of education or a participating nonpublic school is prohibited from charging a student who is eligible for a reduced-price breakfast beginning in fiscal 2022 or lunch beginning in fiscal 2023 for any portion of the cost of a meal.

The Maryland Meals for Achievement (MMFA) program provides a free in-class breakfast to all students enrolled in schools in which 40% or more of the students qualify for free and reduced-price meals. Public and nonpublic schools are selected to participate in the program and must serve breakfasts that meet MSDE guidelines and the nutritional standards of the

U.S. Department of Agriculture for schools that participate in the federal school breakfast program. Chapter 325 of 2017 authorized secondary schools that participate in the program to serve breakfast in any part of the school, including from “Grab and Go” carts, after arrival of students to the school.

**Senate Bill 818 (passed)** allows a school that for one year falls below the 40% free and reduced-price meal student population eligibility threshold for the program to be eligible for MMFA funding in that year. However, the school is no longer eligible for MMFA funding if its percentage of students falls below the 40% in a second consecutive year. The bill clarifies, for purposes of MMFA, that “secondary schools” includes middle schools and high schools. The bill also requires the Governor to appropriate \$7,550,000 annually for MMFA.

**Digital Devices in the Classroom: House Bill 1110 (passed)** requires MSDE, in consultation with MDH, to develop health and safety best practices for the use of digital devices in school classrooms by June 1, 2019. By July 1, 2019, MSDE must provide the best practices to each local board of education and nonpublic school for consideration and adoption.

## **Educators and School Employees**

**Disciplinary Procedures for Public School Personnel:** On the recommendation of the local superintendent of schools, a local board of education may suspend or dismiss a teacher, principal, supervisor, assistant superintendent, or other professional assistant for immorality, misconduct in office, incompetency, or willful neglect of duty. Before removing an individual, the individual may request a hearing where the individual has an opportunity to be heard before the local board, either in person or by counsel, and to bring witnesses. The individual may appeal the decision of the local board to the State Board of Education.

**Senate Bill 639 (Ch. 13)** authorizes a teacher, principal, supervisor, assistant superintendent, or other professional assistant to request a hearing before an arbitrator instead of the local board of education as part of the procedures for suspending or dismissing that individual. The local board of education is also required to pay the full cost and expenses of the arbitration including specified costs, except that the local superintendent and the individual pay their own respective costs and expenses associated with any witness or evidence produced by them. However, if the arbitrator determines that the county board had sufficient cause to suspend or dismiss the individual, then the individual must pay 50% of the fees and expenses incurred. The decision and award by the arbitrator is final and binding; however, an individual may request judicial review by a circuit court, which must be governed by the Maryland Uniform Arbitration Act. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session and the bill became law.

**Collective Bargaining: House Bill 808 (passed)** alters the definitions of “supervisory employee” and “management personnel” for noncertificated employees of local school systems by removing a provision that allows the status of a supervisory employee or management personnel to be determined by the local board of education and through negotiations with the exclusive representative upon request. Under the bill, disputes in this regard will be resolved by the Public

School Labor Relations Board, but the determination of supervisory employees and management personnel will still happen through negotiations.

***Senate Bill 819/House Bill 811 (Chs. 22 and 29)*** require public school employers to provide an exclusive representative with access to “new employee processing,” which is when new employees are advised of specified employment-related matters, for certificated and noncertificated employees of local school systems. The details of this access must be negotiated as specified between the exclusive representative and public school employer. Within 30 days of a new employee’s hire and as specified in the Act, a public school employer must provide the exclusive representative with information about each new public school employee, including name, position classification, and personal cell phone number. This information must be provided every 120 days.

***County Board Employee Participation in State Employee and Retiree Health and Welfare Benefits Program:*** The State Employee and Retiree Health and Welfare Benefits Program (the State health plan) is a self-insured plan covering all units in the Executive, Judicial, and Legislative branches of State government. Statute specifies certain organizations or entities whose employees are eligible to participate in the State health plan as a separate account, or “satellite organizations.” Employees of county and municipal governments may enroll and participate in the State health plan with the approval of the respective governing body, but local boards of education are not explicitly authorized to participate.

***House Bill 1400 (passed)*** authorizes local boards of education to participate as satellite organizations in the State health plan, subject to existing collective bargaining agreements. The bill also creates a task force to study, report on, and make recommendations on the State health plan, including on cooperative purchasing of health insurance, health insurance benefits, participants, and cost management.

***Administration of Assessments:*** According to MSDE testing policy, which is overseen by the State Board of Education, school test coordinators (STCs) and test administrators (TAs) must be certificated education professionals. School-based administrators, including principals, have the autonomy to select STCs from the pool of qualified individuals. STCs then, in turn, select qualified individuals as TAs to administer State assessments. ***Senate Bill 562/House Bill 617 (both passed)*** authorize the principal of a public school to select any employee to administer an assessment unless a multistate assessment consortium in which the State participates requires certificated education professionals to administer the assessment, subject to the review and approval of the local superintendent.

## **Student Data**

***Student Data Governance:*** As many public schools and school systems incorporate technology into the classroom to aid in student learning, including personalized and targeted learning, many types of a student’s personal information are made available to operators of online and application services technology providers. The Student Data Privacy Act of 2015 (Chapter 413) requires an operator of specified websites, online services, online applications, and

mobile applications designed primarily for a preK-12 school purpose to protect, maintain, and delete covered information under certain circumstances. *House Bill 568 (passed)* requires MSDE, in consultation with the Department of Information Technology and local boards of education, to develop and update best practices for local boards on data governance and professional development on data governance policies and procedures. The bill also has reporting requirements regarding the status of development and implementation of best practices in the areas of data governance, transparency, and professional development; levels of engagement by local boards; barriers to engagement, if any, including fiscal, statutory, or workplace obstacles; and any recommended statutory changes.

***Data on School Discipline:*** MSDE publishes annual reports on suspensions and expulsions in public schools and much of the data in the reports is disaggregated at the State and local school system levels and by race/ethnicity and disability status. *House Bill 1254 (passed)* requires MSDE to disaggregate and report data on student discipline by race, ethnicity, gender, disability status, eligibility for free or reduced-price meals or an equivalent measure of socioeconomic status, and English language proficiency. Special education-related data must be disaggregated by race, ethnicity, and gender. MSDE must also collect and report data on alternative school discipline practices in each local school system.

## **State Board of Education**

***Extending the Length of the School Year:*** On August 31, 2016, the Governor issued Executive Order 01.01.2016.09 (later amended by Executive Order 01.01.2016.13) requiring, with few exceptions, the local boards of education to open schools for student attendance no earlier than the Tuesday following the Labor Day holiday and to conclude the school year no later than June 15, beginning in the 2017-2018 school year. *Senate Bill 729/House Bill 679 (Chs. 34 and 35)* allow a local board of education to extend the school year for up to five school days beyond June 15 without approval from the State Board of Education.

***Membership of the State Board of Education:*** *Senate Bill 739 (passed)* increases the membership of the State Board of Education from 12 to 15 members by adding two certified teachers and one parent of a student enrolled in a public school and establishes processes to appoint these members. One teacher member must have experience teaching students in at least one of the elementary grades and the other teacher member must have experience teaching students in at least one of the secondary grades. The two teacher members may not be employed by the same local board of education. The teacher members may not vote on any matter that relates to teacher discipline.

## **Career and Technology Education and Apprenticeship Programs**

Generally, career and technology education (CTE) and apprenticeship programs are available beginning for high school-age individuals who are seeking specific occupational skills in industries that may require a postsecondary credential other than a college degree. The Maryland State Department of Education (MSDE) oversees the State's CTE programs, which are

offered through local school systems. Community colleges and some other higher education institutions in the State also offer postsecondary certificates. Apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. The Department of Labor, Licensing, and Regulation approves apprenticeships. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation. Apprenticeships are available to individuals age 16 and older; an employer, however, may set a higher entry age. By law, individuals must be age 18 to apprentice in hazardous occupations. Apprenticeships last from one to six years, although most are three to four years, and involve a minimum of 144 hours of classroom instruction per year and at least 2,000 hours per year of on-the-job training. There is also a Youth Apprenticeship Pilot Program being administered by MSDE in two local school systems.

***House Bill 1234 (passed)*** authorizes a local board of education to count time spent in a registered apprenticeship program toward high school attendance and toward either high school graduation, a postsecondary credential, or both. An institution of higher education may not refer to a noncredit or credit course as an apprenticeship or apprenticeship training course unless the course is an approved registered apprenticeship training program. MSDE is required to include data by high school and community college in its annual report on progress toward meeting the goal that 45% of high school students complete a CTE program, earn an industry-recognized credential, or complete a registered apprenticeship program by January 1, 2025. For a discussion of the workforce development provisions of ***House Bill 1234***, see the subpart “Labor and Industry” within Part H – Business and Economic Issues of this *90 Day Report*.

***Senate Bill 978/House Bill 1216 (both passed)*** require the Maryland Higher Education Commission (MHEC) to collect and provide to the Maryland Longitudinal Data System Center specified identifying information on specified business licensees and students receiving industry and vocational certificates. MHEC is also required to collect student-level data on noncredit programs at community colleges and private career schools. The bills make other changes generally related to assisting students who participate in registered apprenticeship programs in the State.

MSDE may adopt regulations to require the award of credit toward high school graduation for the time that a student spends participating in either a registered apprenticeship program or a youth apprenticeship program. The bills also define “workforce development sequence,” for the purpose of awarding a Workforce Development Sequence Scholarship, to include a registered apprenticeship program. The scholarship, which was established by Chapter 149 of 2017, may also be used to cover the costs to participate in a registered apprenticeship program. MHEC must include information on participation in the registered apprenticeship program in its reporting on the scholarship program.

## Unpaid Work-based Learning Experience

All employers in Maryland are required to provide workers' compensation coverage for their employees. Even though not technically an employee, when a student is placed in an unpaid work-based learning experience, the employer is also required to secure workers' compensation coverage for the student. A local board of education (or private school) is authorized to provide the coverage for the student instead; however, if it does so, the employer must reimburse the local board or institution in an amount equal to the lesser of the cost of the premium for the coverage or a \$250 fee. In three counties (Allegany, Cecil, and Howard), the local boards of education are authorized to waive the reimbursement requirement. *Senate Bill 403/House Bill 814 (both passed)* expand this authorization to waive the reimbursement requirement to any local board of education.

## Higher Education

### Funding

#### Operating Funding

State support for higher education in the fiscal 2019 budget totals \$2.1 billion, an increase of \$84.5 million, or 4.3%, over fiscal 2018 as shown in **Exhibit L-4**. Public four-year institutions receive the bulk of the new State funds, totaling \$67.5 million, which includes new general funds and Higher Education Investment Funds.

**Exhibit L-4**  
**State Support for Higher Education**  
**Fiscal 2018-2019**  
**(\$ in Thousands)**

	<u>2018<sup>1</sup></u>	<u>2019<sup>2</sup></u>	<u>\$ Change</u> <u>2018-2019</u>	<u>% Change</u> <u>2018-2019</u>
University System of Maryland	\$1,337,731,463	\$1,399,832,167	\$62,100,704	4.6%
Morgan State University	93,661,305	97,463,497	3,802,192	4.1%
St. Mary's College	24,535,162	26,145,317	1,610,155	6.6%
MHEC Special Grants <sup>3</sup>	3,757,547	2,713,584	-1,043,963	-27.8%
MHEC Grants for Maryland 529 <sup>4</sup>	475,250	3,000,000	2,524,750	531.2%
Community Colleges <sup>5</sup>	317,709,977	322,388,973	4,678,996	1.5%
Baltimore City Community College <sup>6</sup>	39,431,224	40,649,547	1,218,323	3.1%
Independent Institutions	48,908,667	56,273,000	7,364,333	15.1%
MHEC Administration	6,480,865	6,315,732	-165,133	-2.5%
MHEC Student Financial Aid	109,444,941	111,804,065	2,359,124	2.2%
<b>Total</b>	<b>\$1,982,136,401</b>	<b>\$2,066,585,882</b>	<b>\$84,449,481</b>	<b>4.3%</b>

MHEC: Maryland Higher Education Commission

<sup>1</sup> Fiscal 2018 general funds are adjusted to reflect an across-the-board reduction for health insurance.

<sup>2</sup> Fiscal 2019 general funds are adjusted to reflect general salary increases and anticipated transfers from MHEC to University of Maryland, Baltimore Campus for the WellMobile, University of Maryland University College for management of the Waldorf Center, and the remaining operating funds for Southern Maryland Higher Education Center to University System of Maryland Office.

<sup>3</sup> Special grants funded with State general and special funds are included. Pass through grants in the fiscal 2019 allowance are shown within the institutions that will receive the funds rather than within the Maryland Higher Education Commission.

<sup>4</sup> Fiscal 2018 general fund reversion is adjusted for SB 933 of 2018 mandated retroactive State contribution match of \$21,500. Fiscal 2019 reflects the mandated appropriation for the match program.

<sup>5</sup> Community College funds include the Senate John A. Cade formula, other programs, and fringe benefits.

<sup>6</sup> Baltimore City Community College includes funding for the English Speakers of Other Languages grant.

Source: Maryland State Budget Books; Department of Legislative Services

**Public Four-year Institutions:** The University System of Maryland (USM) receives an increase of \$62.1 million, or 4.6%, over fiscal 2018, which includes \$17.3 million for a 2% general salary increase effective January 1, 2019. Also included is a \$6 million increase mandated by Chapter 25 of 2016 – \$2.0 million to the University of Maryland, College Park Campus for the University of Maryland Center for Economic and Entrepreneurship Development and \$4.0 million to the University of Maryland Baltimore County to increase its funding guideline attainment level. The budget assumes a 2% increase in resident undergraduate tuition; however, this is contingent upon the approval of USM's Board of Regents. A fund balance transfer of \$9.0 million from USM

to the General Fund in fiscal 2018 was included in *Senate Bill 187 (Ch. 10)*, the Budget Reconciliation and Financing Act (BRFA) of 2018.

Morgan State University (MSU) receives an increase of \$3.8 million, or 4.1%, over fiscal 2018, which includes \$0.8 million for a 2% general salary increase effective January 1, 2019. Also included is \$2.0 million to establish a cybersecurity center and \$0.7 million to hold undergraduate tuition rate increases to 2%. St. Mary's College of Maryland (SMCM) receives an increase of \$1.6 million, or 6.6%, in State support over fiscal 2018. This includes \$0.3 million to hold undergraduate tuition rate increases to 2% and \$0.3 million for a 2% general salary increase effective January 1, 2019. The tuition increases for both MSU and SMCM are contingent upon the approval of their governing boards.

**Community Colleges:** Overall, State funding for community colleges increases by about \$4.7 million, or 1.5%, over fiscal 2018. Funding under the Senator John A. Cade Funding (Cade) Formula grows by about \$7.2 million. This includes hold harmless funding totaling about \$239,000 for two institutions (Carroll Community College and Chesapeake College). However, funding for community college retirement programs decreases by about \$550,000. In addition, while the budget does include a \$2 million grant for community colleges who do not increase in-county tuition rates by more than 2% in fiscal 2019, the grant is \$2 million less than what was provided in fiscal 2018. The grant will be distributed proportionally to eligible community colleges by total enrollment as used in the Cade formula. The BRFA of 2018 does not include any changes to the Cade formula in the out-years.

Baltimore City Community College (BCCC), Maryland's only State-operated community college, has a separate statutory funding formula. In fiscal 2019, due to an ongoing decline in student enrollment, BCCC's hold harmless clause in current law maintains direct State support at the fiscal 2018 statutory level of \$39.8 million. When including English for Speakers of Other Languages funding of \$852,000, total State support for BCCC amounts to \$40.6 million. This results in a \$1.2 million increase over fiscal 2018, or 3.1%, primarily due to mid-year reductions to the fiscal 2018 appropriation related to cost containment and across-the-board health insurance, as well as a \$600,000 transfer that was authorized in the fiscal 2018 budget bill.

**Independent Institutions:** Independent institutions receive \$56.3 million through the Joseph A. Sellinger formula in fiscal 2019, an increase of \$7.4 million, or 15.1%, from fiscal 2018. This large growth is primarily due to a decrease in fiscal 2018 funding through mid-year cost containment of \$4.5 million, as well as a scheduled increase in the statutory percentage used in the Sellinger formula for fiscal 2019. As with the Cade formula, no adjustments are made to the Sellinger formula in the BRFA of 2018 for future years.

**Financial Aid:** Student financial aid programs receive a total of \$111.8 million in State support in the fiscal 2019 budget, a \$2.4 million, or 2.2%, increase over fiscal 2018. Funding is provided for two new scholarship programs: \$1.0 million for the Workforce Development Sequence Scholarship and \$0.2 million for the Cybersecurity Public Service Scholarship Program. The largest need-based aid program, the Delegate Howard P. Rawlings Educational Excellence Awards, receives \$84.7 million, an increase of \$1.7 million, or 2.0%, over fiscal 2018. There are

two fiscal 2018 deficiencies transferring \$1.3 million from Need-based Student Financial Assistance Fund (NBSFAF) to the Edward T. and Mary A. Conroy Memorial Scholarship Program (\$0.8 million) and the 2+2 Scholarship Program (\$0.5 million). In addition, legislative action transfers \$1.8 million from the Tuition Stabilization Trust to NBSFAF, which includes canceled or unspent financial aid award funds that are carried forward from prior years.

### **Capital Funding**

Capital funding for public four-year institutions totals \$275.2 million for fiscal 2019, including \$24.0 million in academic revenue bonds authorized by *Senate Bill 1064 (passed)*. Community colleges receive \$60.1 million for the Community College Construction Grant Program, BCCC receives \$0.4 million, and independent institutions receive \$17.0 million in capital funding for fiscal 2019. For more information on authorized capital projects, see the subpart “Capital Budget” within Part A – Budget and State Aid of this *90 Day Report*.

*Senate Bill 595/House Bill 403 (both passed)* establish the Community College Facilities Renewal Grant (CCFRG) program within MHEC to provide grants for improvements, repairs, and deferred maintenance projects at community colleges, including BCCC. Grants provided by the program are in addition to and may not supplant funds provided by the Community College Construction Grant program. Each year, the Governor must appropriate 5% of the annual appropriation for the Community College Construction Grant Program to the new CCFRG program. The projected funding level for the existing construction grant program for fiscal 2020 is \$60.0 million and then \$80.0 million for fiscal 2021 through 2023. As such, the newly enacted grant is expected to be \$3 million in fiscal 2020 and \$4 million in the out-years.

### **College Affordability**

As part of a multifaceted approach to address the affordability of higher education, the College Affordability Act of 2016 (Chapters 689 and 690) established an annual State matching contribution of \$250 per beneficiary for new accounts in the Maryland 529 College Investment Plan. The Act also established the Student Loan Debt Relief Tax Credit, which provides up to \$5 million annually in refundable credits of up to \$5,000 each for eligible undergraduate student loans.

*Senate Bill 933 (passed)* alters the provisions of these programs to attract additional investments in the plan and to address demand for the tax credit. Specifically, the bill increases the State 529 match contribution from \$250 to \$500 for account holders under a certain income threshold beginning in tax year 2018. It also lowers the mandated funding level from \$7 million to \$3 million beginning in fiscal 2019 and each year thereafter to better reflect the lower than expected demand for the program. The bill also expands the eligible contribution period and allows certain account holders who contributed outside the original contribution period in tax year 2017 to receive a \$250 match retroactively.

Additionally, the bill increases the amount of student loan debt relief tax credits that MHEC may certify each year from \$5 million to \$9 million, reflecting high demand for the program.

Finally, the bill names the Maryland Prepaid College Trust and the Maryland College Investment Plan after Senator Edward J. Kasemeyer. ***House Bill 593 (passed)*** also alters the student loan debt relief tax credit by expanding the eligibility of the credit to include graduate school debt.

### **Student Loans**

***House Bill 605 (passed)*** requires the Maryland Health and Higher Educational Facilities Authority (MHHEFA) to engage an outside consultant to conduct a market-specific study to determine the costs of, demand for, and long-term viability of a State student loan refinancing program. The market-specific study conducted by the consultant must examine all of the areas recommended in an October 2017 student loan refinancing report coauthored by MHHEFA and the Department of Legislative Services, with assistance from MHEC. The study must include a cost analysis, a demand analysis, and an analysis of the competitive landscape of the student loan refinancing marketplace. The bill includes mandated funding of \$250,000 in the fiscal 2020 State budget for the costs of the outside consultant. MHHEFA is required to hire the outside consultant within two months of receiving funding, and the consultant is required to report to MHHEFA within three months of being engaged. MHHEFA is required to review the consultant's recommendations and report to specified committees of the General Assembly within 30 days.

The Loan Assistance Repayment Program (LARP) provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, physician assistants, dentists, lawyers, and other professionals serving underserved areas of the State or low-income families. ***Senate Bill 991/House Bill 1532 (both passed)*** establish the Maryland LARP for Farmers (Farmer LARP) to assist in the repayment of higher education loans leading to a degree in agriculture or an agriculture-related field, including farming. MHEC must assist in the repayment of a loan for an individual who (1) has received a degree in agriculture or an agriculture-related field; (2) has been a farmer for at least 5 years, but not more than 10 years since obtaining the degree; and (3) receives a specified income. Priority must be given to a farmer who is a full-time farmer and uses sustainable agricultural techniques and demonstrates environmental stewardship.

Under Chapter 658 of 2017, beginning July 1, 2018, each institution of higher education that receives funding from the State must provide certain student loan information to each undergraduate enrolled in the institution who applies for federal student aid in the applicable award year. ***Senate Bill 69/House Bill 17 (both passed)*** expand the institutions that must provide specified student loan information to students to include *all* private career schools, for-profit institutions, and nonprofit institutions of postsecondary education that receive student loan information from the U.S. Department of Education, regardless if the institution receives State funding. Each institution must provide the information annually with the student's financial aid award notice.

### **New Scholarships**

***Maryland Community College Promise Scholarship and Near Completers: House Bill 16 (passed)*** establishes several initiatives intended to reduce the costs of attending community college and increase postsecondary completion rates in the State. These include:

(1) beginning in the 2019-2020 academic year, the creation of a Maryland Community College Promise Scholarships Program for eligible applicants; (2) programs for students nearing the completion of a degree; and (3) specified tuition caps for community colleges in academic years 2019-2020 and 2020-2021. The Governor must include an annual appropriation of at least \$15.0 million in the State budget for promise scholarships beginning in fiscal 2020 and, for near completer programs, a total of \$425,000 in fiscal 2020 and a total of \$550,000 in each of fiscal 2021 through 2024.

**Promise Scholarship:** The Maryland Community College Promise Scholarship established by *House Bill 16*, is available to a candidate for a vocational certificate, a certificate, or an associate’s degree at a community college in the State. The annual scholarship award may not be more than \$5,000 per recipient, or actual tuition, whichever is less. For academic years 2019-2020 and 2020-2021, community colleges including BCCC may not increase the in-county tuition rate over the prior year by more than the increase in the three-year rolling average of the State’s median family income or 4%, whichever is greater. As defined in the bill, “tuition” includes all mandatory fees. Any student financial aid, other than a student loan, received by the recipient must be credited to the recipient’s tuition before the calculation of any award amount provided under the program. This is known as a “last dollar” scholarship.

Initial awards must be provided to recipients based on greatest demonstrated financial need. Priority for awards in subsequent years must be given to prior year recipients who remain eligible for the program. To be eligible for a scholarship an applicant must meet a number of requirements including enrolling within two years after graduating from a high school or successfully completing a GED (diploma by examination) in the State. An applicant must have an annual adjusted gross income of not more than (1) \$100,000 if the applicant is single or resides in a single-parent household or (2) \$150,000 if the applicant is married or resides in a two-parent household. Applicants must also promise to meet a service obligation of being employed and filing taxes in the State for each year the individual receives a scholarships. Failure to meet the service obligation will result in the scholarship being converted into a loan payable to the State.

**Near Completers:** According to the U.S. Census Bureau, approximately 19.4% of Marylanders have completed some college, but they do not have an associate’s or bachelor’s degree. *House Bill 16* also establishes a number of programs aimed at encouraging and assisting near completers to finish a degree. Under the bill, MHEC must implement a statewide communication campaign for near completers, who are individuals who have completed some college credits but have not received a degree and are no longer enrolled. The Governor must include \$125,000 in the State budget in each year from fiscal 2020 through 2024 for the communication campaign. MHEC must also develop and implement a centralized web-based match program for near completers that facilitates the matching of a near completer with any institution of higher education at which the near completer would be able to complete the degree. MHEC must encourage each institution of higher education in the State to participate in the match program at no cost to the institution. For fiscal 2020 through 2024, the Governor must include in the State budget \$50,000 for the match program.

The bill also establishes a near completer grant program. A near completer grant may be used only for tuition and may not be used for fees or other charges or expenses related to attending an institution of higher education. All nonloan aid received by near completers must be credited to their tuition before the calculation of the grant amount provided. The Governor must include \$250,000 for fiscal 2020 and \$375,000 for fiscal 2021 through 2024 in the State budget for near completer grants. Individuals must meet specified eligibility criteria to receive a near completer grant, including credit hours completed, and a minimum GPA of 2.0. Grants are on a first-come, first-served basis. Maximum grant amounts are specified.

**James Proctor Scholarship Program:** James Proctor served in the Maryland House of Delegates from 1990 until his death in 2015. *House Bill 1630 (passed)* establishes the James Proctor Scholarship Program to award scholarships for tuition and fees to State residents who attend a public historically black college or university (HBCU) in the State. Each HBCU must administer the program on its campus. The Governor may include an appropriation for the scholarships in the State budget. The scholarships must be last dollar scholarships. The funds appropriated must be divided and distributed equally to each HBCU.

**Cybersecurity Public Service Scholarship:** According to the U.S. Bureau of Labor Statistics, employment within computer and information technology occupations is projected to grow 13% from 2016 to 2026, faster than average for all occupations. *Senate Bill 204 (passed)* establishes the Cybersecurity Public Service Scholarship Program for eligible students pursuing an education directly relevant to cybersecurity. Recipients must complete a one-year service obligation that meets specified conditions for each year a scholarship is received or repay the State for the scholarship. Funds for the program are as provided in the annual budget of MHEC.

**Richard W. Collins III Leadership with Honor Scholarship:** Richard W. Collins III was a Reserve Officer Training Corps (ROTC) student at Bowie State University who was stabbed to death at a bus stop on the University of Maryland, College Park Campus days before graduating. *Senate Bill 1202 (passed)* establishes the Richard W. Collins III Leadership with Honor Scholarship Program. To be eligible, an individual must be (1) eligible for in-state tuition; (2) a member of a ROTC program; (3) a minority student or a student who is a member of another group historically underrepresented in ROTC programs; and (4) a student at a HBCU in the State. MHEC must make the awards, following specified criteria, and must adopt procedures or regulations necessary to implement the bill. The Governor must include \$1.0 million in the annual budget for this scholarship program.

### Changes to Existing Scholarships

**Legislative Scholarships:** In addition to associate's degree programs, community colleges offer a number of credit and noncredit certificate and license programs ranging from dental assistant to truck driving to web design to welding. *Senate Bill 470/House Bill 203 (both passed)* authorize a recipient of a senatorial or delegate scholarship who is currently enrolled, or was enrolled within the last two years, in a certificate or license program, course, or sequence of courses at a community college that leads to certification or licensure to use the scholarship to reimburse specified educational expenses. The bills also exempt an applicant for a senatorial scholarship

from specified examination and enrollment requirements if the applicant is or was enrolled in a certificate or license program at a community college that leads to certification or licensure.

***Eligibility for State Need-based Aid:*** The Delegate Howard P. Rawlings Educational Excellence Award (EEA) program is the State’s largest need-based aid program that consists of two types of awards for full-time undergraduate students to assist in paying educational costs. The Part-time Grant program provides grants to undergraduate students taking at least 3 but no more than 11 hours of courses each semester or who are dually enrolled in a secondary school in the State and an institution of higher education. ***Senate Bill 532/House Bill 420 (both passed)*** expand eligibility for the EEA and Part-time Grant programs to include individuals who are eligible for in-state tuition under the Education Article. The expansion is known as the Jill Wrigley Memorial Scholarship Expansion Act in honor of Jill Wrigley, who was an attorney committed to social justice issues.

***Senate Bill 842/House Bill 781 (both passed)*** expand eligibility for the Guaranteed Access Grant within the EEA program to encompass individuals who have successfully obtained a high school diploma by examination (commonly known as the GED) if those individuals also meet certain criteria. Specifically, an individual must also (1) have scored a passing score of at least 165 per module; (2) begin college within one year of achieving the score or provide satisfactory evidence of extenuating circumstances; (3) be, from July 1, 2018, through June 30, 2022, younger than age 26 at the time of receiving the first award and, from July 1, 2022, onward, be younger than age 22; (4) enroll in college as a full-time student; and (5) have an annual family income below a poverty index determined by MHEC.

***Maryland Technology Internship Program:*** Chapter 652 of 2014 created the Maryland Technology Internship program administered by the University of Maryland Baltimore County (UMBC) to increase student understanding of employment opportunities in the State and foster business retention and development, job creation, workforce development, and new investment in the State. ***House Bill 527 (passed)*** incorporates units of State and local government into the program, allowing them to participate in the same way as technology-based businesses if they meet specified requirements. The bill also removes a prohibition against participation in the program by businesses with more than 150 employees, but it requires that half of the internships supported by the program each year be with businesses smaller than that size. The bill also authorizes the maximum reimbursement amounts established to be increased in accordance with changes in employment market conditions as jointly determined by UMBC and the Department of Commerce.

***Tuition Waiver: Senate Bill 85 (passed)***, an emergency departmental bill, expands tuition waiver eligibility for an individual in foster care to include an individual who enters out-of-home placement *after* his or her thirteenth birthday, remains in out-of-home placement for at least 1 year, and is later placed into guardianship, adopted, or reunited with at least one of the individual’s parents. The bill also extends the period of time during which a foster care recipient may continue to be exempt from the payment of tuition from 5 to 10 years after first enrolling as a candidate for an associate’s degree or bachelor’s degree.

**College Access Pilot Program:** Chapters 200 and 201 of 2015 established the Maryland Higher Education Outreach and College Access Pilot Program as a two-year pilot program for eligible nonprofit organizations that meet specified requirements to be administered by MHEC. **House Bill 982 (passed)** extends the termination date for the pilot program by three years (through September 2022) and specifies that the pilot program be established for a five-year period. MHEC must continue to submit an annual report about the program through 2021. In addition to information that must be reported under current law, the report must include information regarding the effectiveness of the pilot program, including whether students matriculate and remain continuously enrolled in higher education as a result of the program.

### **Sexual Assault Disciplinary Proceedings**

In recent years, a number of high-profile incidents of sexual violence at institutions of higher education have heightened scrutiny of the policies and procedures that institutions use to address sexual violence on campus, including campus discipline hearings. **Senate Bill 607/House Bill 913 (both passed)** require the governing body of each institution of higher education to adopt and submit a revised sexual assault policy that includes provisions for disciplinary proceedings that meet specified requirements by August 1, 2019. Generally, the provisions must permit each student (a current or former student who was enrolled at the time of the incident) who makes a complaint on which a formal Title IX investigation is initiated *and* each student (current or former) responding to such a complaint, access to counsel paid for by MHEC, as specified. However, the bills specify that MHEC is not required to pay attorney's fees for a student for representation in a criminal or civil matter.

### **Health of Students**

Legislation enacted in 2017 required each institution of higher education that receives State operating or capital funding, which includes community colleges and State-aided independent institutions, to establish a policy on heroin and opioid addiction and prevention and report annually to MHEC. There were several exclusions for nonresidential campuses including University of Maryland University College (UMUC) and the University of Maryland Center for Environmental Science (UMCES). **Senate Bill 139 (passed)** clarifies these exclusions. In part, the bill exempts the nonresidential campuses from the requirement to provide training for campus personnel on symptom recognition and medication administration procedures and from the annual reporting requirement on the use of overdose incidents on campus. However, the bill specifies that UMUC, UMCES, and off-campus nonresidential locations must provide all students, as opposed to only incoming part-time students under current law, with educational resources on heroin and opioid addiction and prevention.

**House Bill 1473 (passed)** establishes the Emergency Use Auto-Injectable Epinephrine Program at Institutions of Higher Education within the Maryland Department of Health (MDH) to authorize qualified individuals, through issuance of a certificate, employed by a food service facility or a recreation and wellness facility at an "eligible institution" to obtain, store, and administer auto-injectable epinephrine to individuals experiencing (or believed to be experiencing) anaphylaxis. The bill establishes legal immunities for certificate holders or their agents,

prescribing physicians, and pharmacists acting in compliance with the program unless standards and procedures are not followed or the auto-injectable epinephrine is beyond the manufacturer’s expiration date.

For a more detailed discussion of these issues, see the subpart “Public Health” within Part J – Health and Human Services of this *90 Day Report*.

## **Veterans on Campus**

In January 2011, 21 State public institutions of higher education entered into a Memorandum of Understanding (MOU) in which the institutions agreed to provide certain veterans support services. *House Bill 689 (passed)*, the Colonel Todd J. Hixson Memorial Resource Center Act, expands on that agreement and requires each community college to employ at least one individual whose job duties and responsibilities include providing enrollment and advising services to current and prospective students who are veterans. The bill also requires community colleges to ensure that all student advisors are trained on the unique needs and resources available to students who are veterans and to establish a veterans resource center on each campus. Colonel Todd J. Hixson, the son of Delegate Sheila E. Hixson, was a 27-year veteran of the U.S. Marine Corps who served in several wars. He died in November 2009 and was later buried with full military honors in Arlington Cemetery.

*House Bill 1074 (passed)* requires public institutions of higher education to grant priority course registration to service members currently serving in any branch of the armed forces or a veteran of any branch of the armed forces who has received an honorable discharge or a certificate of satisfactory completion of military service. The priority registration requirement applies only within 15 years after an eligible service member was last on active duty and does not apply after an eligible service member’s fourth academic year.

## **Institutions and Maryland Higher Education Commission**

### **Cybersecurity Training**

*Senate Bill 615/House Bill 1819 (both passed)* establish the Cyber Warrior Diversity Program (CWDP) at BCCC, Bowie State University, Coppin State University, MSU, and the University of Maryland Eastern Shore to train students in computer networking and cybersecurity, including training to achieve specified CompTIA (Computing Technology Industry Association) certifications. Beginning in fiscal 2020, the Governor must include an annual appropriation of \$2.5 million in MHEC’s budget to provide grants for the CWDPs. MHEC must annually allocate funds to the institutions on a pro rata basis according to the most recent enrollment data for each institution’s CWDP as reported to the commission. The funding provided under the bills each year must supplement, but not supplant, any funds that would otherwise be provided for each institution.

### **Private, For-profit Institutions**

*Senate Bill 795/House Bill 1103 (both passed)* are emergency bills that require a private career school, for-profit institution of higher education, or a for-profit institution that is required

to register with MHEC to provide a prospective student with specified information prior to the student signing an enrollment agreement, completing registration, or making a financial commitment to the school or institution. The bills also prohibit a for-profit institution that is required to register with MHEC from enrolling a student in a program that is intended to lead to employment in a field that requires licensure or certification in the State under specified circumstances.

In addition to the current guaranty funds, each private career school and for-profit institution, including those required to register, must furnish to MHEC a performance bond or irrevocable letter of credit in an amount equal to the school's or institution's non-Title IV adjusted gross tuition and fees for the prior July 1 through June 30. The bills also authorize, rather than require, MHEC to operate two separate guaranty funds for for-profit institutions and private career schools.

### **University System of Maryland**

The A. James & Alice B. Clark Foundation announced a donation of \$219.5 million to the University of Maryland, College Park Campus (UMCP) in October 2017 for a number of initiatives including a need-based scholarship program. *House Bill 871 (passed)* authorizes the Board of Regents of USM to make a one-time transfer of no more than \$25 million from the *non-State-supported* fund balance to the quasi-endowment fund. The board may use the investment proceeds only to match a privately funded scholarship program at UMCP. It is the intent of the General Assembly that the USM Board of Regents make the transfer from UMCP's fund balance. In addition, the bill's cross file, *Senate Bill 502 (passed)* also states that the unexpired or partial term of a member of the Board of Regents of USM appointed to fill a vacancy does not qualify as a full term for the purposes of the prohibition against a member serving two consecutive five year terms.

USM and the Southern Maryland Higher Education Center (SMHEC) entered into an MOU in January 2018 that outlined the parameters of a planned merger between the two entities. *House Bill 1143 (passed)* repeals SMHEC from statute as an independent entity. The bill specifies that the repeal is contingent on the USM Chancellor appointing UMCP to oversee the administration and research of the center. Further, the bill is contingent on the Chancellor soliciting advice from UMCP before appointing an Executive Director of the SMHEC and on the submission of a report on the capital needs of the center. The bill has a delayed effective date of March 1, 2019.

### **Morgan State University**

MSU is governed by the Board of Regents, a 15-member board. The Governor appoints board members for five-year terms, except for the student member, who is appointed for a one-year term. A member may not serve more than two consecutive terms. *Senate Bill 342/House Bill 376 (both passed)* authorize a member of the Board of Regents of MSU whose term is scheduled to expire on June 30, 2019, to serve up to three, rather than two, consecutive terms of five years.

## Emergency Medical Services

The Emergency Medical Services (EMS) Board was created by Chapter 592 of 1993 and consists of 11 members appointed by the Governor to serve four-year terms. The EMS Board is tasked with developing, adopting, and monitoring a statewide plan to ensure effective coordination and evaluation of emergency medical services. *Senate Bill 175/House Bill 371 (both passed)* repeal the prohibition against the Governor appointing a member of the USM Board of Regents, a member of the Board of Directors of the University of Maryland Medical System Corporation (UMMS), or an officer or full-time employee of UMMS or the University of Maryland, Baltimore Campus to the EMS Board. Instead, the bills prohibit the Governor from appointing to the EMS Board more than two persons in total from the same health system, a health system and medical school that are affiliated, or medical schools under the same governing board.

## Local Education Policy

### Compensation for Members of County Boards of Education

#### Baltimore County

*House Bill 87 (passed)* increases the annual compensation amount for nonstudent members of the Baltimore County Board of Education from \$100 to \$7,500 and increases the scholarship amount for a student member on the county board from \$100 to \$1,000. Both of these increases begin with the next term of office.

#### Carroll County

*Senate Bill 735/House Bill 885 (both passed)* increase the annual compensation amounts for nonstudent members of the Carroll County Board of Education by \$1,500 beginning with the next term of office. The president of the county board will receive \$9,000, rather than \$7,500, each year, while the other voting members will receive \$8,000, rather than \$6,500, each year.

*Senate Bill 359/House Bill 621 (both passed)* establish a \$3,500 scholarship for a student representative who completes a full term on the Carroll County Board of Education. The scholarship must be applied to the student's higher education costs and be paid directly to the educational institution that the student attends. A student may only receive two scholarships of \$3,500 each, regardless of the number of terms the student serves as the student representative on the county board. The bills also allow the student to receive reimbursement for travel and other expenses that are incurred in the performance of official duties for the board.

#### Howard County

*House Bill 340 (passed)* increases the annual compensation amounts for nonstudent members of the Howard County Board of Education by \$1,000 beginning with the next term of office. The chair will receive \$18,000, rather than \$17,000, while other elected members will receive \$16,000, rather than \$15,000.

## Montgomery County

*House Bill 150 (Ch. 121)* establishes the Montgomery County Board of Education Compensation Commission to study the salaries of the members of the Montgomery County Board of Education and submit a report with recommendations regarding the appropriate compensation for county board members. The report must be submitted to the Montgomery County Delegation to the General Assembly by September 1, 2019, and every four years thereafter. The report must include recommendations regarding any additional stipend for the president of the county board of education and a scholarship amount to be awarded to a student member of the county board who completes a full term.

## Personnel

### Howard County

The existing Statewide Loan Assistance Repayment Program provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, physician assistants, dentists, lawyers, and other professionals serving underserved areas of the State or low-income families. *House Bill 1180 (Ch. 140)* authorizes Howard County to establish a Student Loan Assistance Repayment Program for Teachers employed by the Howard County Public School System (HCPSS). The purpose of the program is to attract, recruit, and retain a diverse cadre of qualified teachers in HCPSS that reflects the student population within the county schools. The program must be administered by HCPSS. Funds for the program must be as provided on an annual basis in the county budget in an appropriation separate from any appropriation to the operating budget of the county board of education. Funds may also be used to cover administrative expenses of the program.

### Washington County

*Senate Bill 1162 (passed)* repeals the exemption of the Washington County Superintendent of Schools and the Washington County Board of Education from requirements related to the appointment and reappointment of the superintendent. As a result, the superintendent and county board are subject to appointment and reappointment requirements that generally apply to other jurisdictions in the State.

## Miscellaneous

### Baltimore County

*House Bill 74 (passed)* authorizes an Executive Branch agency to ban or regulate the sale of coffee in conjunction with a career exploration and development activity in a public high school in Baltimore County; however, the bill provides an exception for an activity that sold coffee before June 30, 2018.

**House Bill 76 (passed)** requires that all actions of the Baltimore County Board of Education be taken at a public meeting and that a record of the meeting be made public, except in specified circumstances that comply with the closed session requirements of the Maryland Open Meetings Act. Any action of the county board must be recorded by a voice vote or roll call of each member who is present at the public meeting. The county board must keep a formal record of each public meeting and make the record available for review by the public upon request. Any final action must be made publicly available on the county board’s website within 72 hours of the time the action was taken. Each action must include a full and accurate description of the action and a link or reference to the related video recording of the meeting, if available.

**House Bill 1600 (passed)** establishes the Baltimore County Anti-Bullying Task Force. The task force must submit a preliminary report on data and recommendations relating to incidents of bullying, cyberbullying, harassment, and intimidation in Baltimore County public schools to the Governor, the members of the Baltimore County Delegation to the General Assembly, and specified local entities by July 1, 2019. The final report must be submitted by December 1, 2020.

### **Prince George’s County**

**Senate Bill 332 (passed)** establishes the Prince George’s County School Construction Master Plan Workgroup to make recommendations regarding the county’s educational facilities master plan. The bill takes effect June 1, 2018, and terminates June 30, 2019.

### **Talbot County**

**Senate Bill 171/House Bill 156 (both passed)** alter the start date of elected members of the Talbot County Board of Education from January 1 after the member’s election to December 1.



## Part M

### Index of Bills

---

HB0001 .....	F-6	HB0108 .....	H-24
HB0002 .....	J-3	HB0109 .....	H-24
HB0003 .....	K-6	HB0111 .....	E-9, E-10, J-9
HB0004 .....	G-6	HB0113 .....	E-15
HB0007 .....	B-10	HB0114 .....	H-38
HB0009 .....	G-7	HB0115 .....	J-12, J-15
HB0016 .....	A-19, L-26, L-27	HB0117 .....	B-6
HB0017 .....	L-26	HB0119 .....	K-4
HB0022 .....	H-37	HB0130 .....	A-113, H-17
HB0024 .....	E-15	HB0135 .....	J-20
HB0027 .....	H-16	HB0137 .....	G-7
HB0033 .....	F-22, J-9	HB0144 .....	H-44
HB0036 .....	C-23	HB0145 .....	H-44
HB0043 .....	B-12	HB0146 .....	H-43
HB0047 .....	H-4	HB0148 .....	H-43
HB0054 .....	G-7	HB0150 .....	L-34
HB0064 .....	H-3	HB0156 .....	L-35
HB0067 .....	H-2	HB0159 .....	H-43
HB0074 .....	L-34	HB0168 .....	J-12
HB0076 .....	L-35	HB0172 .....	K-4
HB0077 .....	F-16	HB0177 .....	H-44
HB0078 .....	F-18	HB0178 .....	H-43
HB0086 .....	J-20	HB0180 .....	H-32
HB0087 .....	L-33	HB0183 .....	K-9
HB0089 .....	B-3	HB0187 .....	A-14, A-39, A-40, A-43, A-44,I-1
HB0090 .....	B-2	HB0188 .....	H-1
HB0096 .....	B-12	HB0190 .....	E-15
HB0097 .....	C-26, H-1	HB0193 .....	L-15
HB0104 .....	K-1, K-6	HB0194 .....	H-3
HB0105 .....	H-44	HB0198 .....	B-15
HB0106 .....	G-10	HB0200 .....	H-3
HB0107 .....	H-44		

HB0201 .....	H-2	HB0347 .....	C-13
HB0202 .....	E-10	HB0356 .....	C-13
HB0203 .....	L-28	HB0359 .....	J-1
HB0205 .....	H-28	HB0365 .....	B-8
HB0212 .....	E-4	HB0370 .....	G-2
HB0213 .....	H-35	HB0371 .....	E-21, L-33
HB0218 .....	D-4, H-9	HB0372 .....	G-2, G-4
HB0219 .....	K-2	HB0376 .....	L-32
HB0220 .....	B-5, H-26	HB0382 .....	E-8
HB0221 .....	D-2, L-12	HB0388 .....	E-6
HB0223 .....	B-15	HB0391 .....	D-5
HB0236 .....	H-27	HB0392 .....	H-17
HB0239 .....	F-18	HB0394 .....	G-8
HB0242 .....	C-5	HB0400 .....	K-15
HB0243 .....	H-10	HB0403 .....	L-25
HB0244 .....	C-25	HB0407 .....	J-2
HB0245 .....	H-36	HB0408 .....	D-4
HB0247 .....	E-8	HB0410 .....	D-5
HB0249 .....	J-20	HB0411 .....	H-40
HB0251 .....	L-15	HB0412 .....	J-24
HB0252 .....	K-12	HB0417 .....	D-4
HB0270 .....	H-35	HB0419 .....	C-14, D-4
HB0278 .....	H-26	HB0420 .....	L-29
HB0279 .....	H-25	HB0427 .....	L-17
HB0281 .....	L-15	HB0430 .....	J-25, L-16
HB0286 .....	F-2	HB0431 .....	J-26
HB0287 .....	H-36	HB0432 .....	E-14
HB0291 .....	E-14	HB0444 .....	F-21
HB0296 .....	A-13, B-12	HB0447 .....	E-5
HB0297 .....	H-40	HB0451 .....	C-21
HB0298 .....	H-40	HB0454 .....	F-11, J-26
HB0300 .....	H-43	HB0474 .....	F-21
HB0301 .....	E-6	HB0490 .....	J-11, J-12
HB0302 .....	B-11	HB0491 .....	F-21
HB0305 .....	B-2	HB0501 .....	H-40
HB0308 .....	A-15, B-15	HB0502 .....	B-4
HB0309 .....	J-13	HB0506 .....	H-40
HB0312 .....	E-4	HB0507 .....	H-40
HB0315 .....	A-106, L-17	HB0515 .....	K-15
HB0319 .....	E-11	HB0517 .....	J-2
HB0321 .....	H-40	HB0518 .....	H-33
HB0327 .....	A-13, B-12	HB0524 .....	F-9, J-25
HB0334 .....	H-39	HB0527 .....	H-23, L-29
HB0335 .....	C-20	HB0528 .....	H-10
HB0340 .....	L-33	HB0531 .....	G-10

HB0532 .....	C-9	HB0740 .....	I-9
HB0535 .....	C-26, G-6	HB0742 .....	C-27, J-16
HB0546 .....	C-17	HB0743 .....	H-42
HB0547 .....	A-107, L-16	HB0744 .....	G-6
HB0548 .....	G-7	HB0752 .....	H-42
HB0556 .....	F-21	HB0753 .....	H-42
HB0568 .....	L-20	HB0755 .....	C-12
HB0570 .....	A-12, A-15, B-8	HB0762 .....	H-41
HB0572 .....	B-11	HB0769 .....	F-22
HB0575 .....	F-16	HB0772 .....	J-8
HB0591 .....	J-15	HB0781 .....	L-29
HB0593 .....	B-11, L-26	HB0782 .....	J-27
HB0605 .....	L-26	HB0784 .....	H-8
HB0610 .....	H-20	HB0787 .....	E-19
HB0615 .....	D-2	HB0789 .....	H-37
HB0617 .....	L-19	HB0797 .....	E-18
HB0620 .....	K-12	HB0798 .....	L-17
HB0621 .....	L-33	HB0807 .....	A-110, G-3
HB0622 .....	L-16	HB0808 .....	L-18
HB0630 .....	C-14, H-41	HB0811 .....	L-19
HB0633 .....	F-8, F-19	HB0814 .....	H-27, L-22
HB0634 .....	C-25, E-20	HB0816 .....	C-16, G-6
HB0640 .....	F-2	HB0819 .....	E-18
HB0643 .....	C-19	HB0822 .....	C-19, C-23
HB0645 .....	H-6	HB0829 .....	C-12, D-2
HB0646 .....	G-10	HB0847 .....	J-22
HB0653 .....	J-1, J-15	HB0848 .....	I-7, I-8
HB0658 .....	C-4	HB0856 .....	A-12, B-11
HB0662 .....	C-12	HB0858 .....	C-15
HB0664 .....	H-30	HB0863 .....	J-13
HB0669 .....	F-16	HB0864 .....	C-21
HB0671 .....	B-12	HB0869 .....	H-8
HB0679 .....	L-20	HB0871 .....	L-32
HB0689 .....	L-31	HB0874 .....	C-24
HB0691 .....	J-9	HB0875 .....	A-14, B-8
HB0693 .....	A-104, L-3	HB0877 .....	B-4, F-20
HB0695 .....	C-5	HB0885 .....	L-33
HB0696 .....	K-2	HB0888 .....	E-3, E-18
HB0698 .....	K-13	HB0891 .....	E-8
HB0700 .....	E-4	HB0896 .....	H-34
HB0710 .....	I-8	HB0897 .....	H-42
HB0714 .....	G-11	HB0900 .....	H-41
HB0716 .....	J-10	HB0901 .....	H-41
HB0727 .....	C-7	HB0905 .....	H-38
HB0736 .....	J-14, J-23	HB0908 .....	J-21

HB0913 .....	L-30	HB1092 .....	J-8
HB0917 .....	K-3	HB1093 .....	F-20
HB0922 .....	J-1, J-15	HB1094 .....	H-4, J-11
HB0923 .....	K-8	HB1096 .....	C-5
HB0941 .....	J-25, L-16	HB1103 .....	L-31
HB0946 .....	H-17	HB1104 .....	G-9
HB0948 .....	B-14	HB1107 .....	E-20, H-5, H-32
HB0955 .....	H-26	HB1110 .....	L-18
HB0961 .....	H-11	HB1117 .....	D-3, H-7
HB0968 .....	L-12	HB1118 .....	K-3
HB0972 .....	H-34	HB1124 .....	E-16
HB0979 .....	H-15	HB1126 .....	H-8
HB0981 .....	C-10, C-11, C-12	HB1127 .....	H-12
HB0982 .....	L-30	HB1130 .....	J-17
HB0990 .....	B-2	HB1132 .....	J-23
HB0993 .....	C-22	HB1136 .....	L-17
HB0994 .....	J-7	HB1137 .....	K-5
HB1001 .....	H-42	HB1141 .....	E-20, K-12, K-13
HB1003 .....	H-35	HB1143 .....	L-32
HB1012 .....	C-22, C-26	HB1147 .....	B-7
HB1014 .....	H-18, H-19	HB1148 .....	H-34
HB1015 .....	H-34	HB1156 .....	H-45
HB1017 .....	C-20	HB1159 .....	J-9
HB1018 .....	C-22	HB1161 .....	H-13
HB1019 .....	C-24	HB1162 .....	G-9
HB1023 .....	E-12	HB1163 .....	K-3
HB1024 .....	C-18, J-21	HB1171 .....	H-19
HB1029 .....	E-3	HB1172 .....	K-5
HB1035 .....	J-3	HB1176 .....	H-34
HB1042 .....	C-23	HB1177 .....	H-17
HB1049 .....	C-23	HB1178 .....	B-3
HB1052 .....	H-33	HB1180 .....	L-34
HB1053 .....	H-42	HB1186 .....	B-7
HB1064 .....	C-23	HB1192 .....	H-25
HB1065 .....	G-8	HB1209 .....	E-19
HB1068 .....	H-36	HB1216 .....	H-31, L-21
HB1069 .....	B-12	HB1217 .....	D-1
HB1072 .....	L-14	HB1228 .....	C-3, C-21, F-14
HB1073 .....	F-17	HB1229 .....	K-10
HB1074 .....	L-31	HB1230 .....	C-4
HB1078 .....	H-12	HB1234 .....	C-19, H-31, L-21
HB1083 .....	H-11, J-24	HB1237 .....	C-17
HB1087 .....	H-6	HB1243 .....	C-17, H-30
HB1088 .....	C-15	HB1245 .....	C-4
HB1090 .....	I-8	HB1254 .....	L-20

HB1257 .....	F-17	HB1468 .....	G-5
HB1278 .....	C-7	HB1469 .....	C-15
HB1280 .....	J-7	HB1473 .....	J-10, L-30
HB1282 .....	J-17	HB1480 .....	E-2
HB1283 .....	J-21	HB1481 .....	F-19
HB1286 .....	C-16, H-22	HB1482 .....	H-3
HB1292 .....	E-4	HB1483 .....	F-23
HB1295 .....	B-11, H-21	HB1485 .....	K-5
HB1297 .....	I-1, I-4, I-7	HB1491 .....	H-9
HB1302 .....	E-18	HB1498 .....	H-42
HB1303 .....	F-8	HB1499 .....	H-28
HB1310 .....	J-23	HB1500 .....	H-29
HB1316 .....	C-26, H-33	HB1506 .....	I-9
HB1320 .....	H-45	HB1511 .....	I-2
HB1325 .....	H-43	HB1517 .....	J-8, J-26
HB1329 .....	F-17	HB1518 .....	J-11
HB1331 .....	C-8, C-9	HB1528 .....	H-9, J-28
HB1342 .....	C-2, C-14, C-15, C-21, C-24, C-25, F-13	HB1532 .....	K-14, L-26
HB1343 .....	H-42	HB1542 .....	H-23
HB1349 .....	J-23	HB1544 .....	I-3
HB1350 .....	G-8, K-1	HB1548 .....	A-18
HB1351 .....	K-11	HB1553 .....	F-18
HB1368 .....	F-7	HB1554 .....	F-12
HB1386 .....	L-14	HB1557 .....	C-15
HB1392 .....	J-8	HB1558 .....	J-14
HB1393 .....	H-39	HB1566 .....	H-10
HB1395 .....	H-38	HB1573 .....	H-8
HB1396 .....	H-38	HB1575 .....	H-39
HB1400 .....	L-19	HB1582 .....	F-9, F-10, J-25
HB1401 .....	H-41	HB1586 .....	H-7
HB1410 .....	H-39	HB1588 .....	D-3
HB1415 .....	A-15, A-18, A-22, A-25, A-96, A-106, A-108, L-1, L-2, L-5	HB1592 .....	H-18, H-27
HB1422 .....	H-39	HB1593 .....	F-18
HB1423 .....	C-2, C-21, F-14	HB1596 .....	F-14, H-31
HB1437 .....	J-13	HB1597 .....	E-11, H-1
HB1448 .....	F-2, G-11	HB1598 .....	J-13
HB1451 .....	E-9	HB1600 .....	L-35
HB1452 .....	J-15	HB1604 .....	H-5
HB1454 .....	B-11	HB1607 .....	L-15
HB1456 .....	F-4, K-9	HB1614 .....	I-3
HB1459 .....	H-20	HB1615 .....	J-27
HB1465 .....	B-5	HB1622 .....	C-15, H-20
HB1467 .....	J-9	HB1630 .....	L-28
		HB1634 .....	I-3, I-4, I-5
		HB1635 .....	J-9

HB1646 .....	E-17	SB0059 .....	H-11, J-25
HB1654 .....	I-8	SB0062 .....	J-12
HB1656 .....	H-3	SB0064 .....	H-3
HB1660 .....	B-3	SB0066 .....	J-9
HB1662 .....	H-6	SB0069 .....	L-26
HB1682 .....	J-7	SB0077 .....	H-1
HB1685 .....	J-11, J-26	SB0078 .....	H-12, J-25
HB1696 .....	J-10	SB0079 .....	F-11, G-9
HB1697 .....	A-95	SB0081 .....	B-14
HB1717 .....	C-10	SB0082 .....	I-10
HB1721 .....	H-18	SB0083 .....	B-14
HB1744 .....	F-10	SB0084 .....	B-2
HB1747 .....	J-27	SB0085 .....	J-26, L-29
HB1765 .....	K-8	SB0086 .....	H-4
HB1766 .....	J-24	SB0087 .....	J-2
HB1782 .....	J-19	SB0090 .....	H-4
HB1783 .....	A-28, L-7, L-9, L-10, L-12, L-14	SB0091 .....	E-12
HB1794 .....	B-13	SB0092 .....	L-12
HB1795 .....	J-19	SB0094 .....	K-4
HB1819 .....	L-31	SB0096 .....	F-6
HJ0003 .....	A-2, A-12, F-1	SB0097 .....	H-10
HJ0008 .....	C-7	SB0098 .....	B-2
SB0002 .....	F-6	SB0100 .....	K-9
SB0003 .....	H-40	SB0101 .....	E-2, E-8, E-13
SB0004 .....	J-18	SB0106 .....	H-2
SB0006 .....	A-40, A-43, A-44	SB0108 .....	J-17
SB0008 .....	J-14	SB0111 .....	J-23
SB0009 .....	I-11	SB0112 .....	K-5
SB0010 .....	B-1	SB0113 .....	K-6
SB0013 .....	J-12, J-15	SB0115 .....	K-2
SB0024 .....	G-7	SB0118 .....	H-38
SB0029 .....	C-3	SB0120 .....	F-6
SB0033 .....	J-20	SB0121 .....	F-7
SB0038 .....	J-9	SB0134 .....	B-9, H-29
SB0039 .....	G-9	SB0137 .....	J-20
SB0040 .....	C-16	SB0138 .....	K-6
SB0041 .....	I-10	SB0139 .....	J-2, L-30
SB0042 .....	F-5	SB0140 .....	H-40
SB0043 .....	L-15	SB0149 .....	K-1, K-6
SB0048 .....	H-28	SB0150 .....	H-36
SB0051 .....	H-40	SB0153 .....	B-11
SB0052 .....	J-24	SB0160 .....	E-11
SB0053 .....	C-5	SB0161 .....	L-16
SB0054 .....	J-23	SB0163 .....	J-11, J-12
		SB0168 .....	H-16

SB0170.....	E-6	SB0289.....	C-14, H-41
SB0171.....	L-35	SB0290.....	K-7
SB0172.....	H-43	SB0291.....	F-9, J-25
SB0175.....	E-21, L-33	SB0292.....	F-21
SB0176.....	C-23	SB0294.....	C-13
SB0178.....	C-23	SB0299.....	C-23
SB0182.....	B-10	SB0306.....	H-39
SB0184.....	B-8	SB0307.....	C-13
SB0185.....	A-2, A-27, A-28, A-39	SB0308.....	J-26
SB0186.....	A-27, A-45	SB0318.....	A-12, A-15, B-8
SB0187.....	A-9, A-40, A-41, A-42, A-43, A-44, A-79, A-96, A-110, C-18, K-13, L-4, L-24	SB0322.....	H-45
SB0202.....	I-8	SB0324.....	H-45
SB0203.....	K-14	SB0332.....	L-35
SB0204.....	L-28	SB0337.....	H-10
SB0207.....	J-24	SB0340.....	H-45
SB0219.....	H-40	SB0341.....	K-3
SB0220.....	H-40	SB0342.....	L-32
SB0222.....	F-18	SB0348.....	F-21
SB0226.....	F-5, F-17	SB0350.....	C-25, F-15
SB0228.....	B-10	SB0355.....	H-7
SB0230.....	F-5, J-11	SB0359.....	L-33
SB0232.....	J-2	SB0361.....	E-10
SB0233.....	E-9, E-10, J-9	SB0362.....	G-9
SB0234.....	J-14	SB0368.....	H-30
SB0235.....	H-30	SB0372.....	B-14
SB0245.....	C-17	SB0373.....	A-107, L-16
SB0251.....	C-15	SB0379.....	J-25, L-16
SB0253.....	H-35	SB0381.....	H-17
SB0256.....	C-12	SB0383.....	C-15, H-20
SB0258.....	F-16	SB0384.....	H-35
SB0263.....	H-40	SB0386.....	J-17
SB0266.....	J-10	SB0387.....	J-19
SB0267.....	F-21	SB0394.....	B-6
SB0270.....	E-6	SB0396.....	C-5
SB0271.....	J-21	SB0399.....	H-37
SB0275.....	H-20	SB0400.....	H-21
SB0277.....	G-2, G-4	SB0401.....	H-37
SB0278.....	C-17	SB0402.....	L-15
SB0279.....	G-2	SB0403.....	H-27, L-22
SB0281.....	C-9	SB0406.....	H-34
SB0284.....	J-7	SB0407.....	C-26, G-6
SB0285.....	C-25, E-20	SB0414.....	C-17
SB0286.....	C-15	SB0423.....	E-7
		SB0424.....	G-8
		SB0429.....	B-4

SB0433.....	H-9	SB0609.....	H-34
SB0441.....	H-41	SB0611.....	A-19, L-12
SB0444.....	J-10	SB0612.....	A-104, L-3
SB0445.....	G-10	SB0614.....	C-16, H-22
SB0447.....	H-41	SB0615.....	L-31
SB0450.....	C-7	SB0616.....	H-37
SB0461.....	H-36	SB0619.....	J-17
SB0468.....	F-17	SB0621.....	F-15, F-20
SB0470.....	L-28	SB0626.....	G-9
SB0474.....	C-14	SB0629.....	E-19
SB0475.....	G-10	SB0639.....	L-18
SB0480.....	H-19	SB0645.....	H-36
SB0490.....	F-11, J-26	SB0646.....	A-15, B-15
SB0491.....	F-8	SB0647.....	A-12, B-11
SB0492.....	C-17	SB0648.....	F-19
SB0496.....	K-8	SB0652.....	H-15
SB0501.....	K-2	SB0654.....	C-21
SB0502.....	L-32	SB0656.....	J-20
SB0516.....	G-3	SB0659.....	I-9
SB0519.....	H-36, H-37	SB0660.....	J-7
SB0522.....	J-1, J-15	SB0662.....	H-6
SB0528.....	E-4	SB0668.....	F-2
SB0532.....	L-29	SB0672.....	F-2
SB0543.....	H-30	SB0673.....	H-11, J-24
SB0549.....	J-15	SB0675.....	K-14
SB0550.....	J-27	SB0677.....	C-20
SB0552.....	C-27, J-16	SB0678.....	C-19
SB0553.....	C-4	SB0680.....	C-25
SB0562.....	L-19	SB0682.....	J-22
SB0563.....	B-12	SB0687.....	C-6
SB0564.....	B-12	SB0693.....	I-9
SB0566.....	I-2	SB0699.....	C-24
SB0570.....	L-17	SB0703.....	J-8
SB0572.....	C-17, H-30	SB0704.....	J-7
SB0574.....	J-9	SB0707.....	E-3, E-18
SB0575.....	H-28	SB0709.....	K-8
SB0576.....	J-14, J-23	SB0711.....	J-16
SB0578.....	F-8, F-19	SB0725.....	L-14
SB0595.....	L-25	SB0728.....	E-20
SB0598.....	E-18	SB0729.....	L-20
SB0599.....	B-6	SB0730.....	C-12, D-2
SB0601.....	K-2	SB0733.....	A-14, B-8
SB0606.....	K-3	SB0735.....	L-33
SB0607.....	L-30	SB0739.....	L-20
SB0608.....	C-4	SB0740.....	A-106, L-17

SB0741 .....	E-18	SB0887 .....	B-7
SB0742 .....	B-13	SB0891 .....	I-3
SB0743 .....	B-14, G-11, G-12, H-14	SB0895 .....	C-23
SB0751 .....	G-11	SB0899 .....	A-39, A-40, A-41, A-42, A-43, A-44, C-22, C-26
SB0755 .....	I-2	SB0900 .....	H-19
SB0758 .....	H-6	SB0912 .....	J-11, J-26
SB0764 .....	A-112, D-1	SB0924 .....	D-1
SB0765 .....	J-8	SB0925 .....	B-3
SB0767 .....	E-9	SB0927 .....	D-3, H-7
SB0769 .....	E-4	SB0933 .....	A-20, L-25
SB0774 .....	J-7	SB0944 .....	E-5
SB0784 .....	C-22	SB0947 .....	J-9
SB0792 .....	H-12	SB0951 .....	B-5
SB0795 .....	L-31	SB0952 .....	B-5
SB0802 .....	H-36	SB0960 .....	C-4
SB0809 .....	H-37	SB0967 .....	B-11
SB0811 .....	C-27	SB0968 .....	H-10
SB0812 .....	C-27	SB0973 .....	G-11
SB0818 .....	A-106, L-18	SB0977 .....	J-8, J-26
SB0819 .....	L-19	SB0978 .....	H-31, L-21
SB0821 .....	H-24	SB0979 .....	H-29
SB0826 .....	F-18	SB0982 .....	E-2
SB0835 .....	J-7	SB0983 .....	H-20
SB0836 .....	H-18	SB0986 .....	C-18, J-21
SB0838 .....	E-8	SB0989 .....	B-11, H-21
SB0839 .....	H-34	SB0991 .....	K-14, L-26
SB0842 .....	L-29	SB0996 .....	A-13, B-12
SB0843 .....	H-3	SB1001 .....	H-29, H-30
SB0844 .....	K-10	SB1006 .....	G-8, K-1
SB0846 .....	H-3	SB1010 .....	F-14, H-31
SB0848 .....	B-11	SB1014 .....	F-21
SB0850 .....	G-6	SB1017 .....	H-34
SB0851 .....	H-18, H-27	SB1019 .....	H-30
SB0853 .....	H-30	SB1020 .....	C-15
SB0854 .....	H-10	SB1028 .....	J-16
SB0855 .....	D-2	SB1032 .....	K-3
SB0856 .....	H-13	SB1038 .....	E-4
SB0858 .....	J-23	SB1044 .....	H-34
SB0859 .....	C-18	SB1045 .....	C-17
SB0864 .....	J-8	SB1048 .....	C-9, C-10
SB0874 .....	E-3, J-3	SB1053 .....	B-4
SB0875 .....	C-10, C-11, C-12	SB1056 .....	J-18
SB0876 .....	H-12	SB1057 .....	H-40
SB0877 .....	B-4, B-9, B-13, B-14, H-21	SB1063 .....	J-3
SB0885 .....	K-11		

SB1064.....A-45, L-25  
SB1068..... I-3, I-4, I-5, I-7, I-8  
SB1069..... G-10  
SB1072..... H-39  
SB1079..... J-23  
SB1081..... H-5  
SB1084..... A-18  
SB1090..... B-13  
SB1098..... B-6  
SB1099..... E-16  
SB1102..... F-17  
SB1114..... J-13  
SB1115..... H-17  
SB1117..... H-9, J-28  
SB1122..... A-18, A-95, H-19, L-3  
SB1128..... F-4, K-9  
SB1131..... H-14  
SB1137..... E-1, E-2, E-13, E-14  
SB1140..... K-11  
SB1143..... B-6  
SB1144..... H-39  
SB1154..... A-18, B-10

SB1158..... H-18  
SB1162..... L-34  
SB1165..... C-15  
SB1176..... H-26  
SB1200..... H-37  
SB1201..... K-13  
SB1202..... L-28  
SB1206..... G-5  
SB1208..... J-24  
SB1218..... H-25  
SB1223..... J-15  
SB1239..... F-22  
SB1242..... B-4, F-20  
SB1243..... A-84  
SB1251..... B-5  
SB1252..... C-24  
SB1259..... F-3  
SB1260..... K-2  
SB1265..... A-25, A-26, A-27, A-28,  
E-16, L-1, L-12, L-13, L-14  
SB1267..... J-19  
SJ0006..... C-7