

THE 90 DAY REPORT

A Review of the
2019 Legislative Session



Department of Legislative Services
Maryland General Assembly

The Department of Legislative Services
General Assembly of Maryland
Prepared this document

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The staff of the Department of Legislative Services (DLS) dedicate this *90 Day Report* to House Speaker Michael E. Busch. DLS staff join the many in the State who are mourning the loss of Speaker Busch and he will be greatly missed. We will always be grateful for Speaker Busch's leadership, his kindness, and for his unwavering support of the nonpartisan staff in the department.



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

April 12, 2019

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Adrienne A. Jones, Speaker Pro Tem 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 2019 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 2019 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/mrm



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Part A

Budget and State Aid

Operating Budget

Overview

Education was the focus of the 2019 session, as legislators sought to establish funding for the recommendations of the Commission on Innovation and Excellence in Education (a.k.a. the Kirwan Commission), which issued *The Blueprint for Maryland's Future* in January 2019. Providing \$500.0 million for school construction was also a session priority. For fiscal 2020, operating budget action either restricted or authorized a total of \$255.7 million to begin implementing preK-12 funding enhancements. Separate legislation proposed increased spending of \$356.2 million in fiscal 2021 and \$501.2 million in fiscal 2022 (in part, contingent on additional revenues to be enacted in the 2019 or 2020 sessions). The operating and capital budgets also combined to meet the school construction goal by providing \$500.6 million, with \$170.5 million in the operating budget.

In December 2018, the Spending Affordability Committee (SAC) projected a fiscal 2020 structural general fund shortfall of \$18 million and recommended that this deficit be fully resolved in the 2019 session. The budget introduced by the Governor for fiscal 2020 failed to eliminate the entire structural shortfall, leaving a shortfall of \$64 million. Legislative action on the budget was made more challenging by a revenue write-down of \$268.5 million across fiscal 2019 and 2020, largely related to a trend of lower estimated income tax payments. As a result, budget reconciliation legislation was initiated by the General Assembly to withdraw current year appropriations, implement contingent reductions in fiscal 2020, and to effectuate limited revenue actions. The fiscal 2020 budget grows by 4.0% to \$46.6 billion. Final action on the budget leaves an estimated \$105.1 million in the General Fund as well as \$1.1 billion (6%) in the Revenue Stabilization Account (a.k.a. the Rainy Day Fund). The General Assembly also met all of the SAC recommendations, including those related to the structural shortfall, general fund and reserve fund balance, and State employment.

While the State's fiscal position is positive in fiscal 2019 and 2020, the outlook is less favorable in the out-years. A cash shortfall of approximately \$900 million is forecast in fiscal 2021 and is expected to grow to \$1.6 billion by fiscal 2024. Absent one-time spending, the forecast of ongoing general fund revenue and spending shows a structural deficit of nearly \$1.0 billion in fiscal 2021, growing to \$1.5 billion by fiscal 2024.

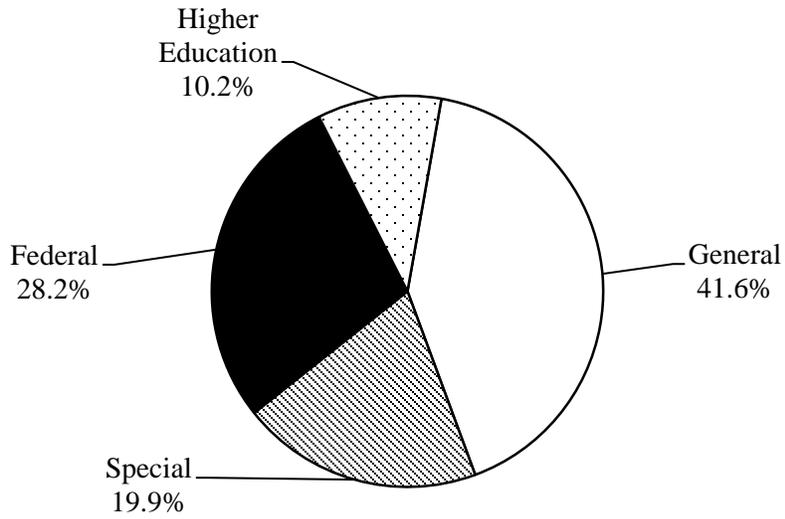
Budget in Brief

For fiscal 2020, *House Bill 100 (enacted)* provides \$46.6 billion in appropriations for fiscal 2020 – an increase of \$1.8 billion (4.0%) above fiscal 2019. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 41.6% of the total budget. Federal funds support 28.2% of all spending. Special funds constitute 19.9% of the budget with higher education revenue providing the remaining 10.2%. State agency operations constitute the largest area of spending, accounting for 41.0% of the total budget. Entitlements represent 27.3% of the budget, and 19.8% 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.

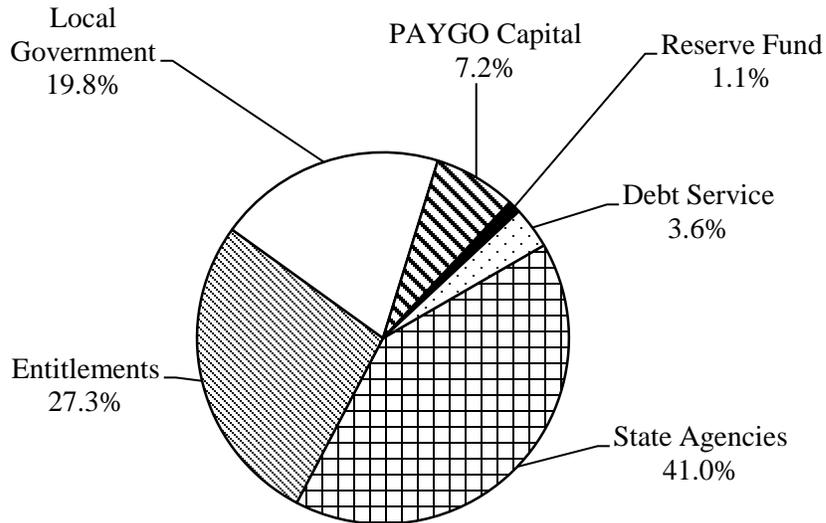
General fund appropriations increase by nearly \$1.5 billion, or 8.4%, over the fiscal 2019 working appropriation. The \$498.8 million increase in the appropriation to the Rainy Day Fund accounts for nearly one-third of the total general fund budget growth and brings the Rainy Day Fund balance to 6.0% of general fund revenues. Although spending on general fund PAYGO projects account for less than 1.2% of the total general fund budget, the availability of additional cash resources in fiscal 2020 and the recommendation of SAC that cash resources be directed to one-time expenses provided for a \$172.3 million increase over the amount of general fund PAYGO projects funded in fiscal 2019. This increase included an additional \$127 million for school construction and \$25.0 million used for projects that would have otherwise been funded with taxable debt at a higher cost to the State.

Aid to local governments, primarily in the form of education aid, accounts for 36.7% of total general fund spending in fiscal 2020; an overall increase of \$388.3 million over the current fiscal year. Education aid provided through K-12 education formulas, such as the Foundation Program, Compensatory Education, and student transportation grants, accounts for 90.8% of the total growth in local aid. Funding for State agency operations increases at a rate of 4.6%, providing a total spending increase of \$326.5 million. Net changes to employee compensation, including a 3% general salary increase for all State employees and a 5% increase for law enforcement union members, account for \$186.2 million. Additional funding in the Developmental Disabilities Administration (DDA) provides \$52.9 million for a provider rate increase and to expand access and utilization of services. The budget also includes \$13.0 million to fund a new initiative aimed at reducing violent crime in Baltimore City.

Exhibit A-1.1
Maryland’s \$46.6 Billion Fiscal 2020 Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go

Special funds grow by a net \$115.1 million, or 1.3%, compared to the fiscal 2019 working appropriation. In fiscal 2020, the General Assembly identified \$150.3 million in special funds to be used toward education spending priorities for The Blueprint for Maryland's Future included in *Senate Bill 1030 (passed)*. In addition, growth in operating expenses for the Maryland Transit Administration's (MTA) bus and rail operations also account for the majority of the \$60.8 million increase in the special fund appropriation for the Maryland Department of Transportation (MDOT). GO bond debt service also accounts for \$51.0 million of the increase. This growth is offset by a \$136.6 million reduction for special fund PAYGO projects, including \$42.5 million in the Maryland Department of the Environment as funding for the Water Quality Revolving Loan Fund is aligned with the project list. Special fund PAYGO transportation projects account for \$88.4 million of the total PAYGO reduction, as increased Transportation Trust Fund (TTF) revenues are needed for debt service and other operating expenses, leaving less funding available for capital projects in fiscal 2020.

Federal fund spending increases by a modest \$57.1 million, or 0.4%. The most significant area of growth is the \$207.5 million in additional federal PAYGO funds for capital projects, including \$160.7 million for transportation projects, such as MTA's Purple Line and various projects within the State Highway Administration. There is also a \$48.3 million increase in the Behavioral Health Administration (BHA), primarily due to provider rate increases and higher utilization of substance use disorder services. Federal fund increases are primarily offset by less funding for entitlement programs, particularly Medicaid funding, which decreases by a net \$235.1 million due to declining enrollment, a reduction in calendar 2019 managed care organization (MCO) rates, and a lower federal matching rate for the Affordable Care Act expansion population and the Maryland Children's Health Program. In addition, the budget for Food Supplement Program benefits decreases by \$71.0 million to align funding with actual spending.

Current unrestricted and current restricted funding for higher education in the fiscal 2020 budget totals \$4.8 billion. This reflects an increase of \$118.9 million, or 2.6%, over fiscal 2019 and assumes the growth of in-state tuition rates of 2%. Of the total increase, \$48.0 million is from general funds.

With respect to personnel, the size of the regular State workforce decreases by 81 positions to 80,863 regular positions in fiscal 2020. Effective July 1, 2019, a 3% general salary increase is provided for most State employees; however, select law enforcement positions will receive a 5% general salary increase. If fiscal 2019 general fund revenues exceed December 2018 forecasted levels by at least \$75 million, State employees will also receive a 1.0% general salary increase effective January 1, 2020. While there is no funding for merit salary increases for most State employees, there is funding to provide step increases for law enforcement officers per collective bargaining agreements with certain law enforcement unions. For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

Framing the Session: 2018 Interim Activity

Fiscal 2018 closed with a fund balance of \$589.6 million in the General Fund, reflecting significant overattainment as fiscal 2018 revenues finished the year nearly \$340 million (2.0%) above the estimate. This was the result of higher than anticipated collections from the personal income tax, primarily due to large capital gains realizations, along with sales tax collections exceeding estimates by over \$34 million.

Although economic expansion continued to be lethargic on both the national and State level and Maryland's employment growth decelerated in calendar 2017 and 2018, the positive revenue performance at the close of fiscal 2018 and increases in wage income in the first half of 2018 resulted in the Board of Revenue Estimates (BRE) revising its general fund revenue forecast for fiscal 2019 upward by a net \$313.2 million between its September and December 2018 meetings. Year-to-date economic performance and revised economic assumptions also led the board to marginally reduce the fiscal 2020 general fund revenue outlook by \$55.3 million. In addition, in its December 2018 report, the board cautioned that monetary and fiscal policies at the federal level and the steep trajectory of revenues relative to the real economy highlighted the potential risk for a recession in the near future.

SAC Recommendations

SAC prepared its final report to the Governor in December 2018, which made recommendations concerning the fiscal 2020 spending limit, use of fund balances, and State employment.

Spending Limit and Sustainability: Although the significant revenue overattainment realized in fiscal 2018 virtually eliminated any cash and structural shortfalls projected for fiscal 2020, out-year projections presented to SAC estimated the structural deficit returning in fiscal 2021 and growing to more than \$1.4 billion by fiscal 2024. SAC recommended that the budget, as introduced and enacted, maintain structural balance and that the appropriations subject to the spending affordability limit be held to no more than a 3.75% increase over the 2018 session. In addition, the committee recommended that the General Assembly minimize the impact of legislation passed at the 2019 session on the structural deficit forecast for fiscal 2021 and beyond.

Fund Balances: Recognizing the dichotomy of having sizeable cash balances available in fiscal 2020 yet a significant structural imbalance beginning in fiscal 2021, SAC recommended that the fiscal 2020 operating budget prioritize the preservation of cash reserves by maintaining a minimum closing fund balance of \$100 million in the General Fund, increasing the Rainy Day Fund balance to at least 6% of general fund revenues, and allocating any remaining cash balances to reserves or one-time spending.

Personnel: Ongoing concern regarding the growing number of vacant positions in Executive Branch agencies combined with serious understaffing for critical classes of positions, particularly correctional officers, resulted in a SAC recommendation to provide a one-grade

increase for correctional officer salaries and to encourage the Administration to fill vacant positions in understaffed agencies expeditiously.

Governor's Spending Plan as Introduced

With a planned \$44.9 billion in spending for fiscal 2019, including \$216.5 million in deficiency appropriations and \$35.0 million in unspecified reversions, the Governor's budget plan, as introduced, assumed that the current fiscal year would close with \$805.5 million in fund balance for the General Fund. This sizable cash balance recognized nearly \$400 million in revenue overattainment and higher than anticipated agency reversions that occurred at the close of fiscal 2018 along with \$300 million in upward revisions from BRE. In addition, \$49.8 million in additional revenue was recognized from a contract settlement for a failed Medicaid information technology (IT) project along with \$23.3 million in reimbursements from tax credits. Significant deficiency appropriations included \$60.1 million in total funds for general salary increases and other enhancements to employee compensation, \$50.1 million in funds to offset prior year funding shortfalls, and over \$95 million to cover agency operating expenses in the current fiscal year, primarily in the Maryland Department of Health (MDH).

The fiscal 2020 budget plan proposed \$46.6 billion in total spending, reflecting a \$1.8 billion (3.9%) increase over the fiscal 2019 spending plan. General funds accounted for nearly \$1.6 billion of the total increase. Although the balancing plan did rely on the transfer of \$158 million from the Rainy Day Fund, lowering the fund's balance to 6.5% of general fund revenues, the sizable cash balance in the General Fund estimated at the close of fiscal 2019 meant that the Governor's allowance did not require the use of budget reconciliation legislation to balance the fiscal 2020 budget. The budget, as introduced, met nearly all of the SAC goals by being \$20.2 million below the 3.75% spending limit set by SAC and providing a \$105.5 million closing general fund balance. From a structural perspective, however, the Governor's allowance did not comply with the SAC recommendation to maintain structural balance, instead leaving a shortfall of \$64 million. **Exhibit A-1.2** details the Governor's original general fund spending plan for fiscal 2019 and 2020.

Fiscal 2020 Revenue Assumptions: The Administration's fiscal 2020 spending plan assumed a total of \$44.0 million in additional general fund revenue from increased spending on lottery advertisements (\$9.0 million) and a delay in the implementation of an exemption to the annual corporate filing fee (\$35 million). The budget also assumed \$37.5 million in reimbursements from tax credit programs. Revenue assumptions were offset by \$35.0 million in proposed revenue reductions tied to legislation. This included:

- **House Bill 41/Senate Bill 88 (both failed)** proposed to create a deduction against the State income tax equal to the interest paid on a qualified student loan in the taxable year and also to expand the deduction for Maryland 529 Plan contributions. The Administration estimated this would reduce revenue by \$13.0 million in fiscal 2020.

Exhibit A-1.2
Governor’s Original Budget Plan
Fiscal 2019-2020
(\$ in Millions)

	<u>2019</u>	<u>2020</u>
Opening Balance	\$589.6	\$805.5
Board of Revenue Estimates Revenues	\$18,069.8	\$18,587.3
Additional Revenues	73.1	81.5
Transfers	0.0	158.0
Subtotal	\$18,142.9	\$18,826.8
Appropriations/Deficiencies	\$17,962.0	\$19,561.9
Reversions	-35.0	-35.0
Subtotal	\$17,927.0	\$19,526.9
Closing Balance	\$805.5	\$105.5

Source: Maryland Budget Highlights, Fiscal 2020

- ***House Bill 149/Senate Bill 170 (both failed)*** proposed to expand the existing income tax pension exclusion by allowing additional types of income to be subtracted beginning in tax year 2019. As a result, the Administration estimated that State income tax revenues would decrease by \$11.0 million in fiscal 2020.
- ***House Bill 46/Senate Bill 89 (both failed)*** proposed to expand the small business relief tax credit by allowing a credit to small businesses for providing qualified paid parental leave benefits to qualified employees. The Administration estimated that this would reduce revenue by \$5.0 million in fiscal 2020.
- ***House Bill 150/Senate Bill 174 (both failed)*** proposed to expand and modify the existing More Jobs for Marylanders tax credit program to include businesses that locate or expand in opportunity zones in the State. The Administration’s budget estimated a \$6 million revenue reduction associated with this expansion.

Legislative Consideration of the Budget

Revenue and Spending Changes

Following submission of the budget in January 2019, the Governor submitted one supplemental budget, and general fund revenues were revised downward by BRE in March 2019 by a net \$268.5 million across fiscal 2019 and 2020.

Revenue Revisions: In March 2019, BRE revised its general fund revenue projection for fiscal 2019 downward by \$138.0 million and for fiscal 2020 by \$130.5 million. Based on lower than expected attainment from estimated payments, the entire revision came from income tax revenue.

Spending Changes

Supplemental Budget No. 1: Following submission of the budget in January 2019, the Governor introduced one supplemental budget, which proposed a net total of \$3.2 million in additional spending. Fiscal 2019 spending decreased by \$25.0 million in this supplemental budget, as \$27.1 million in overbudgeted Medicaid and higher education general salary increases were used to defray about \$2.1 million in spending needs for underbudgeted personnel expenses, an Ellicott City Public Alert System, National Registry testing centers at the Maryland Fire and Rescue Institute, State Center litigation expenses, and support for homelessness programs in Charles County. Spending in fiscal 2020 grew by a net \$28.3 million, largely to correct the omission of special fund appropriations from the Healthy School Facility Fund and School Safety grants. Smaller increases were provided for Medicaid physician rates, new spending in support of the dairy industry, and other programs and purposes. Nearly \$56 million in new spending was offset by \$27.3 million in withdrawn appropriations, chiefly due to an increase in the Medicaid hospital discount rate.

Reductions: Fiscal 2019 appropriations were reduced by a net \$17.3 million in all funds. In the Budget Reconciliation and Financing Act (BRFA) of 2019, \$13.9 million in unspent funds were withdrawn based on high levels of vacant correctional officer positions, unspent teacher retention pilot program funds, surplus Department of Juvenile Services (DJS) residential per diem expenses, and unspent utilization review funding in DDA. The withdrawn \$25.0 million from Medicaid via Supplemental Budget No. 1 was restored by legislative budget action but withdrawn as part of the BRFA of 2019.

In total, the fiscal 2020 budget was reduced by \$183.1 million across all fund types. Of this, \$150.9 million relates to reductions made in the following areas:

- \$30.2 million from the Medicaid program, largely based on reductions to the Money Follows the Person Rebalancing Initiative due to available funds in the current fiscal year and the timing of funding needed for value-based purchasing funds;
- \$17.0 million from health insurance based on available fund balance;
- \$12.1 million from higher education operating expense growth;
- \$11.5 million from the Department of Commerce (Commerce) based on available fund balances or low usage related to Sunny Day Fund obligations, the More Jobs for Marylanders Program, and the Maryland Economic Development Assistance Authority and Fund; and
- \$10.0 million from appropriations to the Dedicated Purpose Account (DPA) based on overbudgeted funds for the grant to MDOT for the Washington Metropolitan Area Transit Authority (WMATA) capital program and the estimated cash flow needs of the Catastrophic Event Account (CEA).

Another \$32.0 million in reductions are contingent on the BRFA of 2019, including:

- \$15.0 million from the Medicaid program based on a provision that slowed a scheduled reduction to the Medicaid Deficit Assessment;
- \$10.0 million from the Medicaid program based on the use of unexpended balance remaining in the Maryland Health Insurance Plan (MHIP) Fund for provider reimbursements;
- \$5.0 million from the Department of Information Technology (DoIT) based on the repeal of an exemption that will now direct transportation Resource Sharing Agreement revenue to the Major Information Technology Development Project Fund (MITDPF); and
- \$2.0 million in general funds from the Uninsured Employers' Fund (UEF) based on a provision that allows the fund to pay hearing loss claims for Bethlehem Steel Corporation retirees.

Final Actions Related to SAC

Limiting Spending Growth: SAC had recommended that the fiscal 2020 general fund budget be structurally balanced and that growth in State-sourced spending be limited to 3.75%. Final revenue and spending actions by the General Assembly resulted in a structural surplus of \$12 million in fiscal 2020. Moreover, State-sourced spending growth was limited to 3.31%, well below the recommended limit. **The goals to maintain general fund structural balance in fiscal 2020 and to limit growth below 3.75% were met.**

General Fund and State Reserve Fund Balances: Per the recommendation to maintain a fiscal 2020 cash balance of at least \$100 million as well as a minimum of 6% balance in the Rainy Day Fund, legislative action resulted in (1) an estimated closing fund balance of \$105.1 million and (2) an estimated Rainy Day Fund balance of \$1.1 billion, or 6%, of estimated general funds. **Final action on the budget complied with the SAC recommendation to maintain at least a \$100.0 million general fund balance in addition to a balance in the Rainy Day Fund of 6% of estimated general fund revenues.**

State Employment: To address the concern expressed by SAC, the fiscal 2020 budget provided funding for annual salary review increases for certain position classifications, including registered nurses, alcohol and drug counselors, mental health professional counselors, park services associates, epidemiologists, environmental compliance specialists, and procurement positions. With respect to correctional officers, \$7.6 million was included in fiscal 2019 to continue hiring and retention bonuses, and the fiscal 2020 budget provides funding to increase pay by 6%. The Administration proposed *Senate Bill 169/House Bill 158 (both failed)* to address hiring barriers. **Final actions pertaining to State employment are consistent with the SAC recommendation.**

Summary of 2019 Session Activity

Exhibit A-1.3 illustrates the general fund balance for fiscal 2019 and 2020 based on final legislative action at the 2019 session. Following the BRE March revenue revisions that resulted in a combined write-down of \$268.5 million, the introduction of budget reconciliation legislation by the General Assembly became necessary for the purpose of identifying sufficient revenues and reductions to achieve a balanced budget and to meet all of the identified SAC goals. At the end of fiscal 2020, the closing balance is estimated to be \$105.1 million.

Exhibit A-1.3 Final Legislative Budget Action Fiscal 2019-2020 (\$ in Millions)

	<u>2019</u>	<u>2020</u>
Opening Balance	\$589.6	\$718.5
Board of Revenue Estimates Revenues	\$17,931.8	\$18,491.8
Additional Revenues	73.3	82.9
Legislation	10.8	37.8
Transfers	0.0	158.0
Subtotal	\$18,016.0	\$18,770.4
Appropriations/Deficiencies	\$17,962.0	\$19,561.9
Supplemental Budgets	-25.5	-1.5
Reductions	-0.4	-141.5
Targeted Reversions	-13.9	0.0
Reversions	-35.0	-35.0
Subtotal	\$17,887.1	\$19,383.8
Closing Balance	\$718.5	\$105.1

Source: Department of Legislative Services

Outlook for Future Budgets

As shown in **Exhibit A-1.4** and **Exhibit A-1.5**, the fiscal 2020 structural surplus of \$12 million is replaced by a structural deficit of \$961 million in fiscal 2021. This structural deficit increases each year of the forecast, reaching \$1.5 billion by fiscal 2024. Between fiscal 2020 and 2024, ongoing revenues are projected to grow at an average annual rate of 3.2%, while ongoing spending is projected to grow at an average annual rate of 5.0%.

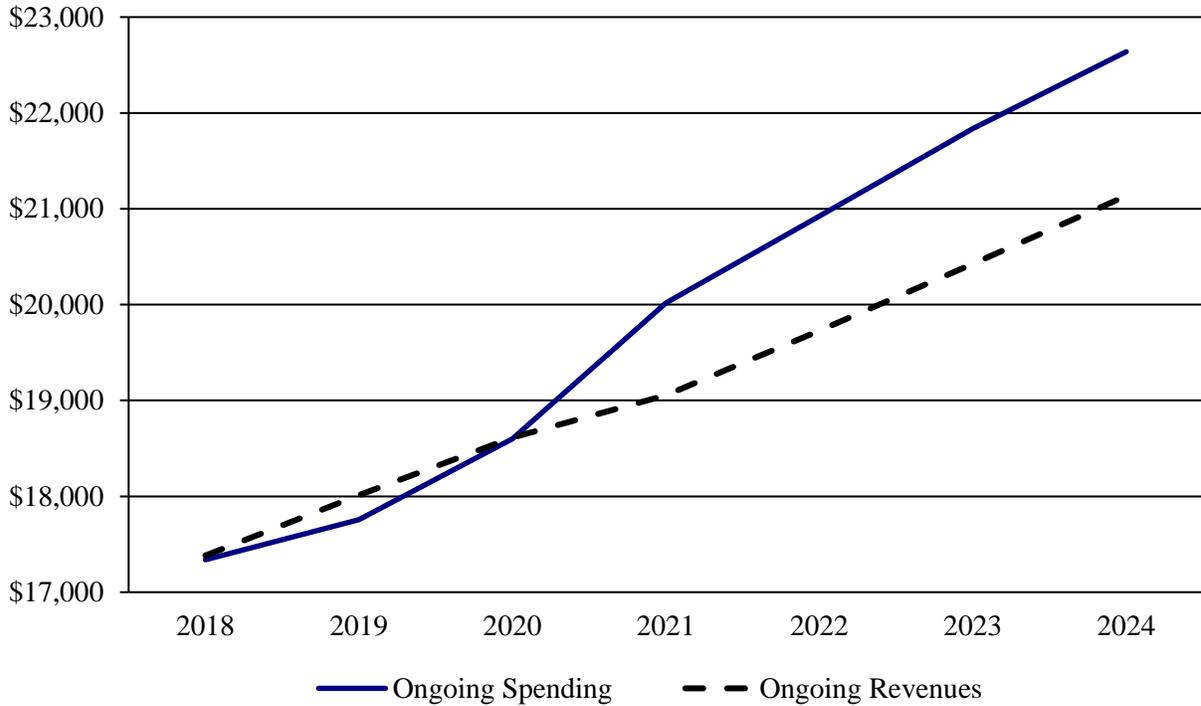
Exhibit A-1.4 General Fund Budget Outlook Fiscal 2020-2024 (\$ in Millions)

<u>Revenues</u>	<u>2020 Leg. Approp.</u>	<u>2021 Est.</u>	<u>2022 Est.</u>	<u>2023 Est.</u>	<u>2024 Est.</u>	<u>2020-2024 Avg. Annual Change</u>
Opening Fund Balance	\$719	\$105	\$0	\$0	\$0	
Transfers	158	245	47	47	48	
Subtotal One-time Revenue	\$877	\$350	\$47	\$47	\$48	
Ongoing Revenues	\$18,575	\$19,079	\$19,761	\$20,463	\$21,177	
Revenue Adjustments and Legislation	38	-24	-34	-37	-43	
Subtotal Ongoing Revenue	\$18,612	\$19,055	\$19,727	\$20,426	\$21,134	3.2%
Total Revenues and Fund Balance	\$19,489	\$19,405	\$19,774	\$20,473	\$21,182	2.1%
Ongoing Spending						
Operating Spending	\$18,712	\$20,004	\$20,845	\$21,723	\$22,495	
Ongoing (Reductions)/Additions	-112	-96	-96	-96	-97	
Ongoing Spending – Legislation	0	108	174	208	241	
Subtotal Ongoing Spending	\$18,600	\$20,016	\$20,923	\$21,835	\$22,639	5.0%
One-time Spending	\$784	\$262	\$167	\$145	\$145	
Total Spending	\$19,384	\$20,279	\$21,090	\$21,981	\$22,784	4.1%
Ending Balance	\$105	-\$873	-\$1,316	-\$1,508	-\$1,602	
Rainy Day Fund Balance	\$1,116	\$951	\$986	\$1,021	\$1,057	
Balance Over 5% of GF Revenues	185	0	0	0	0	
As % of GF Revenues	6.03%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	\$12	-\$961	-\$1,196	-\$1,409	-\$1,504	

GF: general fund

Source: Department of Legislative Services

Exhibit A-1.5
General Fund Structural Deficit
Projected to Exceed \$1.5 Billion by Fiscal 2024
Fiscal 2018-2024
(\$ in Millions)



Source: Department of Legislative Services

Legislation passed during the 2019 session reduces revenues by over \$99 million and increases spending by more than \$799 million for the five-year period ending with fiscal 2024. Legislation affecting revenues with a projected five-year impact of \$50 million or more includes:

- Senate Bill 728/House Bill 1301 (both passed)** require a marketplace facilitator and a marketplace seller to collect and remit the State sales and use tax under specified circumstances. The bill also establishes tax collection and licensing requirements for marketplace facilitators and marketplace sellers. In addition, the bill alters the distribution of sales and use tax revenues by requiring that for each fiscal year (1) the first \$100.0 million in sales taxes collected from marketplace facilitators and certain out-of-state vendors be distributed to the General Fund; and (2) revenues in excess of \$100.0 million from these sales taxes be distributed to The Blueprint for Maryland’s Future

Fund. Finally, the bill requires specified out-of-state sellers to pay the tobacco tax on pipe tobacco and premium cigars on which the tobacco tax has not been paid. The change in the revenue distribution will result in an estimated decrease in general fund revenue of \$9.9 million in fiscal 2021, \$14.5 million in fiscal 2022, \$19.5 million in fiscal 2023, and \$24.6 million in fiscal 2024.

- ***Senate Bill 870/House Bill 810 (both passed)*** expand the existing child and dependent care tax credit. It is estimated that this legislation will decrease State revenues by \$10.9 million in fiscal 2020, increasing to \$12.3 million by fiscal 2024.

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

- ***House Bill 166/Senate Bill 280 (Chs. 10 and 11)*** phase in an increase in the State minimum wage to \$15.00 per hour by January 1, 2025, with a longer phase-in for employers with 14 or fewer employees. General fund spending, related to payroll costs and health care provider rate increases, increases over previous expected levels by an estimated \$26.7 million in fiscal 2021, \$56.5 million in fiscal 2022, \$86.9 million in fiscal 2023, and \$118.1 million in fiscal 2024.
- ***Senate Bill 946/House Bill 1120 (both passed)*** establish prescription drug out-of-pocket reimbursement or catastrophic coverage programs for specified State retirees, dependents, or surviving dependents who are enrolled in a Medicare prescription drug benefit plan. State employees hired after June 30, 2011, remain ineligible for most prescription drug coverage from the State when they retire. General fund spending under the bills increases by an estimated \$12.1 million in fiscal 2021, \$24.6 million in fiscal 2022, \$26.2 million in fiscal 2023, and \$27.8 million in fiscal 2024.
- ***Senate Bill 581 (passed)*** establishes the Opportunity Zone Enhancement Program to be administered by Commerce. Qualifying businesses within an opportunity zone may qualify for enhanced incentives under specified tax credit programs. ***Senate Bill 581*** also (1) makes specified changes to the Heritage Structure Rehabilitation Tax Credit Program and extends the program through fiscal 2024; (2) extends the More Jobs for Marylanders Program by two years and expands geographic and business eligibility; (3) generally extends the geographic eligibility for a number of State economic development/tax credit and financing programs available for priority funding areas and/or sustainable communities to include opportunity zones in Allegany, Garrett, Somerset, and Wicomico counties; (4) creates a State income tax credit for qualified workforce housing projects located within opportunity zones; and (5) authorizes local governments to create a tax credit against the local property tax for qualified investments made within an opportunity zone. General fund spending under the bill is estimated to increase by \$14.1 million in fiscal 2021 and by approximately \$24 million annually for fiscal 2022 through 2024.

- *Senate Bill 239/House Bill 258 (both passed)* extend the existing State health insurance provider fee assessment through calendar 2023. In calendar 2020 through 2023, the amount of the assessment must be 1% on all amounts used to calculate the entity’s premium tax liability for the immediately preceding calendar year. General fund spending increases to pay the Medicaid share of the assessment by an estimated \$20 million to \$22 million for fiscal 2021 through 2023 and by \$11 million for fiscal 2024.

Budget Reconciliation and Financing Act Legislation

As summarized in **Exhibit A-1.6, *House Bill 1407 (Ch. 16)***, the BRFA of 2019 has an overall impact of \$148.5 million on the fiscal 2020 budget plan, with a general fund impact of \$132.8 million. Fiscal 2019 and 2020 general fund expenditure reductions total \$70.9 million. Fiscal 2019 and 2020 general fund revenue actions total \$61.8 million. Other actions increase special fund revenue by \$15.8 million in fiscal 2020.

Exhibit A-1.6 Actions in the Budget Reconciliation and Financing Act of 2019 (\$ in Millions)

	<u>Action</u>
Contingent General Fund Reductions – Fiscal 2019	\$38.9
Contingent General Fund Reductions – Fiscal 2020	32.0
General Fund Revenue Actions – Fiscal 2019	10.8
General Fund Revenue Action – Fiscal 2020	51.0
<i>General Fund Subtotal</i>	<i>\$132.8</i>
Special Fund Revenue Action – Fiscal 2020	\$15.8
Grand Total	\$148.5

Source: Department of Legislative Services

Fiscal 2019 General Fund Expenditure Reductions

The BRFA of 2019 includes five actions to reduce fiscal 2019 expenditures by a total of \$38.9 million. Four of these actions are due to lower than expected expenditures in various programs:

- Medicaid due to favorable caseload trends (\$25.0 million in general funds);
- the Department of Public Safety and Correctional Services (DPSCS) for correctional officer vacancy savings due to higher than budgeted vacancies (\$7.5 million in general funds);
- DDA as a result of two contracts (a utilization review and financial management for self-directed services) that will not be procured until fiscal 2020 (\$6.9 million in total funds comprised of \$3.9 million in general funds and \$2.9 million federal funds); and
- DJS for per diem placements (\$0.5 million in general funds).

The final fiscal 2019 general fund expenditure reduction (\$2 million) occurs in the Maryland State Department of Education (MSDE) due to a provision that lowers the mandate for the Teacher Induction, Retention, and Advancement pilot program to \$1 million beginning in fiscal 2019, until the pilot ends in fiscal 2022. The lower mandate level is consistent with the program utilization. Funds available due to the lower mandate in fiscal 2020 (\$4 million) were restricted to instead be used for special education grants contingent on the enactment of [Senate Bill 1030](#) (The Blueprint for Maryland's Future) and the BRFA of 2019.

Fiscal 2020 General Fund Expenditure Reductions

As noted in Exhibit A-1.6, there are \$32.0 million in fiscal 2020 general fund reductions contingent on the BRFA of 2019. The BRFA of 2019 contains two provisions that result in reductions totaling \$25 million in general funds in Medicaid: (1) \$15 million as a result of slowing the phase-down of the Medicaid Deficit Assessment from \$40 million to \$25 million, resulting in an assessment of \$309.8 million; and (2) \$10 million as a result of the utilization of the majority of the remaining balance retained after the repeal of MHIP. The out-year phase-down of the Medicaid Deficit Assessment remains unchanged at \$25 million per year thereafter.

A series of provisions allowed for a \$5 million contingent general fund reduction in DoIT's MITDPF. These provisions (1) remove the exclusion of MDOT from depositing revenue from resource-sharing agreements into the MITDPF; (2) require MDOT to deposit revenues from resource-sharing agreements in the MITDPF rather than the TTF; (3) remove the restriction on the use of revenue from resource-sharing agreements in the MITDPF for telecommunication and computer networks. Removing this restriction on the use of all of this revenue allows it to be used for major IT projects generally.

A provision added hearing loss claims from retirees of Bethlehem Steel to the authorized uses of funds in UEF, resulting in a \$2 million contingent general fund reduction. The fiscal 2020 budget included \$2 million of general funds in UEF to pay these claims because the payment of these types of claims was not authorized with existing special funds.

Revenue Actions

The BRFA of 2019 includes five actions that impact revenues, four of which are one-time actions. One-time revenue actions are:

- A reversion of \$10 million from the Economic Development Opportunities Fund (a.k.a. the Sunny Day Fund) that was part of the planned incentives for Amazon to locate its second headquarters in Maryland. Maryland was not chosen as the location, and the planned incentives are not required.
- A credit of \$820,750 to the General Fund due to funds that were improperly retained by the Department of State Police (DSP) at the fiscal 2018 closeout.
- A one-time reduction in the cap on projected nonwithholding income tax revenues that must, under certain circumstances, be withheld from projected general fund revenue estimates from 0.5% to 0.225%. This alteration is expected to increase general fund revenues in fiscal 2020 by \$51.0 million.
- A delay in the exemption from the State’s annual filing fee for corporations and business entities who participate in the Maryland Small Business Retirement Savings Program and Trust until fiscal 2022. In fiscal 2021, the revenue from the filing fee in excess of \$66.25 million is directed to the Commission on Innovation and Excellence in Education Fund. The funds directed in this manner are expected to total \$36 million.

One provision produces an ongoing increase in revenue. The BRFA of 2019 repeals the authority of the State Lottery and Gaming Control Commission (SLGCC) to increase the share of proceeds from video lottery terminals (VLT) to certain facilities following the award of a license in Prince George’s County. As a result of this provision additional revenues are available in fiscal 2020 and beyond, primarily to the Education Trust Fund (ETF). A related provision, authorizes the processing of a budget amendment in fiscal 2020 of \$15.8 million due to the additional ETF revenue. These special funds are to be used for special education grants contingent on the enactment of *Senate Bill 1030*. The anticipated revenue resulting from this repeal is expected to increase slightly in the out-years.

Miscellaneous Provisions

Other provisions in the BRFA of 2019 include:

- Requiring for fiscal 2020 only, nonwithholding income tax revenues that exceed the capped estimate and are not needed to close a shortfall in general fund revenues in the Fiscal Responsibility Fund to be used for up to a 2% cost-of-living adjustment (COLA) beginning July 1, 2020, for regular employees in the Executive Branch that are in bargaining units represented by exclusive representatives of (1) the American Federation of State, County and Municipal Employees (AFSCME), the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) excluding those represented by AFSCME, AFL-CIO Local 1859; (2) AFT Healthcare – Maryland, AFT, AFL-CIO Local 5197; or (3) the Maryland Professional Employees Council/AFT/AFL-CIO Local 6197. These funds would otherwise have been required to be used for PAYGO construction projects at public schools, public community colleges, or four-year public institutions of higher education.
- Requiring the Governor’s budget books and any supplemental budgets submitted that include funds related to Tax Increment Financing grants to local boards of education to include supporting data and the calculation of those grants.
- Modifying the allocation of local impact grants from VLT proceeds to jurisdictions to include the Town of Forest Heights.
- Requiring projects submitted by local governments for inclusion in MDOT’s *Consolidated Transportation Program* to include a certification that all members of the legislative delegation of the county in which the project is located have been notified.
- Two provisions that authorize the Governor to process a budget amendment from the Rainy Day Fund and DPA in fiscal 2020 to support legislative priorities specified in the fiscal 2020 budget bill and requiring that budget amendments may transfer funds from those accounts only for the legislative priorities specified in the fiscal 2020 budget bill.

Selected Budgetary Initiatives and Enhancements

The Blueprint for Maryland’s Future

In January 2019, the Kirwan Commission submitted an interim report containing policy recommendations to transform the State’s early childhood, primary, and secondary education system into a world-class system. Costs under the commission’s recommendations are estimated to require an additional \$3.8 billion in total State and local costs by fiscal 2030. However, the commission has yet to determine State and local shares of these costs. *Senate Bill 1030* extended the term of the commission and established The Blueprint for Maryland’s Future as a policy to

transform Maryland’s education system and align it with the recommendations in the commission’s January 2019 interim report.

The fiscal 2020 budget provides funding for multiple programs and entities established under The Blueprint for Maryland’s Future contingent on its enactment. Funding sources include the following:

- \$100.8 million in ETF lock box funding that had originally been budgeted for public school construction or set aside for commission initiatives (an additional \$24.2 million in ETF lock box funding is budgeted in fiscal 2020 to pay for commission initiatives that were mandated under Chapter 361 of 2018);
- \$134.5 million to be transferred from the Commission on Innovation and Excellence in Education Fund that is renamed as The Blueprint for Maryland’s Future Fund;
- \$4.0 million in general funds originally budgeted for the Teacher Induction, Retention, and Advancement pilot program that were not likely to be used; and
- \$689,137 originally budgeted for an Education Monitoring Unit within MSDE – Headquarters.

Additionally, the BRFA of 2019 repeals the authority of SLGCC to increase the licensee’s share of VLT proceeds for certain casinos, resulting in an increase of \$15.8 million in ETF revenues available for fiscal 2020 that are then authorized to be used as funding for The Blueprint for Maryland’s Future. In total, \$255.7 million is available for The Blueprint for Maryland’s Future in fiscal 2020 that has been specified for the following purposes:

- \$75.0 million for teacher salary incentive grants;
- \$65.5 million for the education of students with disabilities;
- \$54.6 million for concentration of poverty school grants;
- \$31.7 million to expand full-day prekindergarten for four-year-olds;
- \$23.0 million to provide transitional supplemental instruction grants;
- \$2.5 million for teacher collaborative grants;

- \$2.0 million to fund a full-time mental health services coordinator for each local school system;
- \$689,137 for an Office of Inspector General for Education;
- \$500,000 to expand MSDE's direct certification IT system to include Medicaid data; and
- \$250,000 for outreach and training on The Blueprint for Maryland's Future.

For further discussion of The Blueprint for Maryland's Future, see Part L – Education in this *90 Day Report*.

Baltimore City Crime Initiative

In response to growing concern about the increasing amount of violent crime occurring in Baltimore City, the Governor's fiscal 2020 allowance included approximately \$13.0 million and 18 new positions to support the Baltimore City Crime Prevention Initiative. The primary purpose of the initiative was to create a special operations unit, the Baltimore Strike Force, serving as one of seven investigation groups under the federal Organized Crime Drug Enforcement Task Force program. The Baltimore Strike Force will be comprised of various State, local, and federal law enforcement agencies operating with the goal of disrupting and dismantling violent gangs and drug trafficking organizations.

The budget, as introduced, provided \$1.6 million in general funds to DSP for personnel costs associated with assigning 5 new sworn positions to the initiative. In addition, the DSP capital program included \$2.2 million in GO bonds to design, construct, and equip a new State Law Enforcement Special Operations Group Center in Baltimore City. The Governor's Office of Crime Control and Prevention (GOCCP) received \$4.3 million in personnel and operating expenses to support 6 intelligence analysts and 7 management-level positions associated with the initiative. In addition, the agency received \$6.9 million in grant funding to provide additional resources for victim witness relocation, police officer recruitment and retention, and more Special Assistant U.S. Attorneys to increase the number of federally prosecuted cases.

In the initial budget, details about the new initiative were lacking regarding how it would be implemented, which State agency would be primarily responsible for operations, and how the new initiative would improve upon existing resources. The General Assembly adopted several actions to address and clarify some of these concerns. Specifically, budget language requires the operational funding and positions associated with the initiative be consolidated within DSP to establish a new Baltimore Regional Intelligence Center in Baltimore City as a subset of the existing Maryland Coordination and Analysis Center. In addition, grant funding is withheld until the Baltimore City Mayor's Office, the Baltimore City Police Department, and the Baltimore City State's Attorney develop a crime reduction strategy and provide quarterly performance measures to the budget committees. Finally, restrictive language was added requiring DSP and GOCCP to report on existing resources available for reducing crime in Baltimore City, where current

deficiencies exist, and how the new initiative will address them. The crime reduction strategy and report on existing resources are due August 1 and September 15, 2019, respectively.

More Jobs for Marylanders Opportunity Zone Expansion

The budget includes \$6.5 million in dedicated funding for Opportunity Zone-related programs. The federal Tax Cuts and Jobs Act of 2017 established the Qualified Opportunity Zones Program to incentivize private investment in distressed communities. The budget includes funding in Commerce and the Department of Labor, Licensing, and Regulation (DLLR).

Senate Bill 581 establishes the Opportunity Zone Enhancement Program to be administered by Commerce. Qualifying businesses within an opportunity zone may receive enhanced incentives under specified tax credit programs, including More Jobs for Marylanders. The bill expands the types of new businesses that can qualify for certain incentives available within opportunity zones and increases the minimum salary for qualified positions eligible for the income tax credit in opportunity zones. The budget includes \$6 million in funding for the expansion of the income tax credit portion of the More Jobs for Marylanders Program. It further includes \$500,000 in funding for the Employment Advancement Right Now program in opportunity zones, a workforce training grant program in DLLR.

Senate Bill 581 renames the Heritage Structure Rehabilitation Tax Credit Program as the Historic Revitalization Tax Credit Program. Commercial rehabilitations within an opportunity zone qualify for an additional tax credit and increased maximum credit amounts if certain requirements established by the program are met. Subject to these requirements, *Senate Bill 581* also increases the maximum tax credit for small commercial projects located within an opportunity zone. The budget includes \$9 million in general funds for this program, which is not limited to use in opportunity zones.

Finally the fiscal 2020 capital budget for the Department of Housing and Community Development (DHCD) increased significantly compared to the fiscal 2019 working appropriation. Although the funding is not restricted for use in opportunity zones, the department has indicated that it will focus its increased funding on projects in those areas in an attempt to attract more capital to the State.

Maintenance Funding

Over three-quarters of the Department of General Services (DGS)-operated State facilities are over 30 years old, and DGS advises that the average age of its facilities is 52 years. An aging infrastructure requires more effort and funding to maintain. The budget committees have expressed concerns about the condition of State facilities. In its December 2018 report, SAC recommended that the State conduct a comprehensive assessment of the condition of State facilities. In this budget, DGS receives additional resources, such as:

- providing approximately \$267,400 to create 4 new regular positions and reconstituting the Statewide Facility Condition Assessment Unit;
- increasing fiscal 2019 spending with a \$2.5 million deficiency appropriation and increasing fiscal 2020 statewide operating critical maintenance funding to \$10.5 million, which is \$3 million more than actual fiscal 2018 spending. In addition, DPSCS receives one-time maintenance funding of \$3.0 million in fiscal 2020, and MDH is provided with another \$3.0 million in each of fiscal 2019 and 2020 toward one-time maintenance funding needs; and
- increasing GO bond authorizations for capital facilities maintenance to \$34.3 million, an increase of \$19.4 million over fiscal 2018 GO bond authorizations.

Adding positions for the Statewide Facility Condition Assessment Unit is intended to be a positive step that will allow DGS to assume a more direct role in facility management. Since the positions will be capital maintenance project engineers and architects, they should have the requisite skills to provide accurate data for DGS' databases. Having trained engineers is also likely to provide better data than facilities managers whose experience and skill sets may be uneven. The Administration has taken positive steps with respect to maintaining State facilities.

Provider Rate Increases

Medicaid Rate Increases and Hospital Rate Assumptions

As shown in **Exhibit A-1.7**, the fiscal 2020 budget includes 3.0% rate increases for most Medicaid providers, an assumption of regulated rate growth of 1.1% for hospitals (the actual rate increase in fiscal 2019), and funding to maintain physician evaluation and management rates at 93% of Medicare rates. However, costs associated with these increases are more than offset by the impact of an overall 1.7% reduction in rates for MCOs in calendar 2019 for the fiscal 2020 budget. As is normal, no assumption is made for MCO rates in calendar 2020. Deliberations over the calendar 2020 rates began in February 2019 and will continue until the early fall. The total fund impact of these rate increases and assumptions is -\$12.7 million, a general fund increase of \$8.6 million offset by a federal fund reduction of \$21.5 million.

Exhibit A-1.7
Medicaid – Rate Increases and Hospital Rate Assumptions
Fiscal 2020
(\$ in Millions)

Nursing Homes (3%)	\$35.5
Community First Choice (3%)	11.2
Inpatient and Outpatient Hospital (1.1%)	7.7
Physician Evaluation and Management Codes (to 93% of Medicare Rates)	4.8
Medical Day Care (3%)	3.7
Private Duty Nursing (3%)	3.3
Home-and Community-based Services (3%)	0.7
Personal Care (3%)	0.3
Rare and Expensive Case Management Services (3%)	0.3
Managed Care Organization Calendar 2019 Adjustment (-1.7%)	-80.0
Total Change	-\$12.7

Source: Maryland Department of Health; Department of Legislative Services

BHA Provider Rate Increases

In MDH BHA, the allowance included a 3.5% rate increase for mental health and substance use disorder providers mandated by the Heroin and Opioid Prevention Effort and Treatment Act of 2017. For behavioral health providers, the rate increases total to \$42.3 million (\$20.9 million in general funds and \$21.4 million in federal funds).

Other Provider Rate Increases

Foster Care: The budget includes approximately \$4.4 million in total funds to support a 3% rate increase for foster care providers that have rates set by the Interagency Rates Committee (IRC) as well as the regular foster care board rate;

Developmental Disabilities: The budget included a 3.5% provider rate increase in DDA totaling \$42.5 million (\$22.5 million in general funds and \$20.0 million in federal funds);

Juvenile Services: The budget includes approximately \$650,000 in total funds to support a 3% rate increase for residential treatment providers who have rates set by IRC.

Nonpublic Placements: Providers for the Nonpublic Placement Program receive a 1.9% inflationary rate increase in fiscal 2020. However, actual expenditures for the program are primarily driven by the number of students and the intensity of the services that they receive.

Opioid Funding

In total, the fiscal 2020 budget has nearly \$710 million targeted toward the opioid crisis in Maryland. Nearly \$700 million of this funding is budgeted in MDH, the overwhelming majority of which is through substance use disorder treatment in the Medicaid program (\$622.5 million). Also included in MDH's budget for fiscal 2020 is the second and final year of \$33 million in federal funds for the State Opioid Response Grant. The budget also contains \$3 million for the Behavioral Health Crisis Response Grant Program as mandated by the General Assembly. Outside of MDH:

- the Opioid Operation Command Center manages \$10 million of general fund grants, including \$4 million to local jurisdictions for their Opioid Intervention Teams;
- DPSCS continues to support medication assisted treatment in correctional facilities totaling \$3 million in fiscal 2020; and
- GOCCP and DSP have a total of \$725,000 budgeted in fiscal 2020 for enforcement and treatment efforts related to the opioid crisis.

State Reserve Fund

The Rainy Day Fund, the DPA, and the CEA are projected to have a combined \$1,116.7 million in total fund balance at the end of fiscal 2020. Activity in fiscal 2019 and 2020 is shown in **Exhibit A-1.8**. The following text details the purposes for which funds were appropriated in each account, followed by a discussion of the General Assembly's intent to authorize the appropriation of funds for legislative priorities.

Exhibit A-1.8
State Reserve Fund Activity
Fiscal 2019-2020
(\$ in Millions)

	Rainy Day Fund	Dedicated Purpose Account	Catastrophic Event Account
Balances June 30, 2018	\$856.8	\$0.0	\$5.0
Fiscal 2019 Appropriation	47.8	6.0	
Restricted for Legislative Priorities	-44.5		
Ellicott City Flood Relief			-2.5
Transfer to Program Open Space		-6.0	
Interest	22.1		
Estimated Balances June 30, 2019	\$882.3	\$0.0	\$2.5
Fiscal 2020 Appropriation	443.8	215.9	0.5
Transfer to the General Fund	-158.0		
Authorized for Legislative Priorities	-90.0	-62.0	
Transfer to Program Open Space		-43.9	
Transfer to MDOT for WMATA		-110.0	
Estimated Interest	35.6		
Estimated Balances June 30, 2020	\$1,113.7	\$0.0	\$3.0
Percent of Revenues in Reserve	6.0%		

MDOT: Maryland Department of Transportation
 WMATA: Washington Metropolitan Area Transit Authority

Source: Department of Budget and Management

Revenue Stabilization Account

The fiscal 2020 budget appropriates \$443.8 million into the Rainy Day Fund. This amount is required by statute, based on the unassigned fund balance of the most recently concluded fiscal year. The budget assumes a transfer of \$158 million from the fund to the General Fund and authorizes the use of \$90.0 million for PAYGO school construction. The end-of-year balance is projected to be \$1,113.7 million, which is 6% of estimated fiscal 2020 general fund revenues.

Dedicated Purpose Account

For fiscal 2020, the DPA appropriation totals \$215.9 million. This includes:

- \$110.0 million for a grant to MDOT as part of dedicated capital funding for WMATA;
- \$12.0 million of additional funds for a WMATA capital grant that are instead authorized to be spent for DHCD PAYGO housing programs;
- \$50.0 million of funds appropriated for a supplemental pension fund contribution that are instead authorized to be spent on PAYGO school construction (\$37.0 million) and DHCD PAYGO housing programs (\$13.0 million); and
- \$43.9 million for Program Open Space (POS) repayment.

Catastrophic Event Account

The CEA received \$0.5 million in fiscal 2020, increasing its fund balance to \$3 million, an amount expected to be sufficient to support spending needs based on historical experience.

Personnel

Employee costs total \$8.8 billion in fiscal 2020 and represent 18% of the State budget. The fiscal 2020 budget, as introduced, included deficiency funding to provide State employees salary enhancements in fiscal 2019, including a one-time \$500 bonus (\$37 million) and a 0.5% general salary increase (\$10 million), both effective April 1, 2019.

In fiscal 2020, personnel costs increase by \$350 million, or 4.2%, over the fiscal 2019 working appropriation (including deficiency funding). Salary increases for State employees account for \$240 million of the increase. Other substantial increases in personnel are provided for State employee pensions (\$49 million) and health insurance (\$26 million).

Employee Compensation

The fiscal 2020 budget, as introduced, provided deficiency funding for a 0.5% general salary increase and a one-time \$500 bonus for State employees effective April 1, 2019. Funding for these actions was not provided in the fiscal 2019 budget and was contingent on fiscal 2018 general fund revenues exceeding forecasted levels by \$75 million. The fiscal 2020 budget also provides funding for a 3% general salary increase for most State employees effective July 1, 2019. Members of the State Law Enforcement Officers Labor Alliance (SLEOLA) and the Maryland Transportation Authority (MDTA) police union receive a 5% increase and employee increments effective July 1, 2019. Besides SLEOLA and the MDTA police union, funding was not provided for employee increments. State employees will receive an additional 1% effective January 1, 2020, if fiscal 2019 general fund revenues exceed levels forecast in December 2018 by \$75 million.

Funding for this increase is not provided in the fiscal 2020 budget and will require a deficiency if these revenues are realized. The BRFA of 2019, as enacted, also included a provision restricting revenue volatility revenue to be used to provide employees belonging to specified collective bargaining units up to a 2% COLA in fiscal 2021. For a more detailed discussion of the additional general salary increase, see the subpart “Budget Reconciliation and Financing Act Legislation” within Part A of this *90 Day Report*.

SmartWork Student Loan Repayment Program

The fiscal 2020 budget provides \$2 million for a new SmartWork program. The key component of the program is a loan repayment benefit up to \$20,000 offered to State employees, for themselves or a child, working in targeted shortage areas (including public safety, psychology, social work, nursing, and IT) to improve recruitment and retention in positions with high vacancies. State employees must agree to work for the State for 10 years to be eligible for the program and receive quarterly payouts after service years 1, 3, 5, 7, and 10. The benefit applies to service after January 1, 2019, and is open to both new and existing employees.

Pension Funding

Retirement contributions increase by \$49 million in fiscal 2020, or 5.3%, due to employee salary increases and investment losses in prior years. The approved budget fully funds the State’s actuarially required contribution and provides \$75 million of supplemental contributions. An additional \$50 million is appropriated in the DPA of the State Reserve Fund, based on additional funds available at the fiscal 2018 closeout (a.k.a. the Pension Sweeper). However, budget bill language authorizes the Governor to process a budget amendment, in conjunction with the BRFA of 2019, to allocate those funds instead for school construction and PAYGO spending in DHCD.

Employee and Retiree Health Insurance

State Employees and Retirees Health and Welfare Benefits Fund: The Employee and Retiree Health Insurance Account closed with a fund balance of \$130 million in fiscal 2018, after taking into account incurred but not received (IBNR) expenses. Payments to providers exceeded revenue into the fund by \$70 million largely due to additional payroll holidays that reduced contributions for State agencies, employees, and retirees. It is not uncommon for the account to implement payroll holidays after accumulating a high fund balance. Contributions increase by 6.2% in fiscal 2019, largely reflecting the reduced contributions in fiscal 2018. Fiscal 2020 contributions increase by 1.5% over fiscal 2019, closing with a projected fund balance of \$12.6 million after IBNR.

The fiscal 2020 budget reflects a reduction of \$17 million (\$10.2 million in general funds) to the health insurance account and authorized the Administration to apply the reduction across State government, in anticipation of the fund closing with a higher balance than currently forecasted. Revenue associated with federal Medicare Employer Group Waiver Plan subsidies appears to be underestimated in fiscal 2019 and 2020.

Retiree Prescription Drug Coverage: Fiscal 2020 includes funding to continue State prescription drug coverage for Medicare-eligible retirees, and the forecast assumes continued funding for this purpose through December 31, 2020. For a further discussion of legislation that modifies State retiree prescription drug coverage, see Part J – Health and Human Services of this *90 Day Report*.

Workforce Changes

The State workforce decreases by 81 regular positions from fiscal 2019 to 80,863 regular positions in fiscal 2020, as shown in **Exhibit A-1.9**. The budget as introduced by the Administration funded 80,903 positions. Supplemental Budget No. 1 created 2 positions in the Maryland Department of Agriculture. Legislative action on the budget abolished a net 42 positions, including 36 positions in the Judiciary, 5 positions in MDH, 2.8 positions in the Department of Budget and Management, 2 positions in MSDE, and 1.5 positions in DLLR, offset by 5 positions created to convert long-term contractual full-time equivalents in the Department of Legislative Services.

Exhibit A-1.9
Regular Full-time Equivalent Positions
Fiscal 2019-2020

<u>Department/Service Area</u>	<u>2019</u> <u>Working</u> <u>Approp.*</u>	<u>2020</u> <u>Allowance</u>	<u>Supplemental</u> <u>Budgets</u>	<u>Legis.</u> <u>Reductions</u>	<u>2020</u> <u>Legis.</u> <u>Approp.</u>
Largest Six State Agencies					
Public Safety and Correctional Services*	10,414	10,152	0	0	10,152
Transportation	9,058	9,060	0	0	9,060
Human Services	6,120	6,120	0	0	6,120
Health	6,278	6,420	0	-5	6,415
State Police	2,440	2,445	0	0	2,445
Juvenile Services	1,987	1,987	0	0	1,987
Subtotal	36,296	36,184	0	-5	36,179
Other Executive					
Legal (Excluding Judiciary)	1,480	1,485	0	0	1,485
Executive and Admin. Control	1,573	1,608	0	0	1,608
Financial and Revenue Admin.	2,097	2,097	0	0	2,097
Budget and Management and DoIT	569	546	0	-3	543
Retirement	210	189	0	0	189
General Services	582	608	0	0	608
Natural Resources	1,340	1,348	0	0	1,348
Agriculture	352	352	2	0	354
Labor, Licensing, and Regulation	1,452	1,417	0	-2	1,415
MSDE and Other Education	1,974	1,993	0	-2	1,991
Housing and Community Development	331	331	0	0	331
Commerce	188	188	0	0	188
Environment	893	893	0	0	893
Subtotal	13,041	13,055	2	-6	13,051
Executive Branch Subtotal	49,338	49,238	2	-11	49,229
Higher Education	26,826	26,829	0	0	26,829
Judiciary	4,029	4,084	0	-36	4,048
Legislature	751	751	0	5	756
Grand Total	80,944	80,903	2	-42	80,863

DoIT: Department of Information Technology

MSDE: Maryland State Department of Education

* The fiscal 2020 allowance for the Department of Public Safety and Correctional Services has been adjusted to reflect 260 vacant positions abolished in language in the budget bill as introduced.

Note: Numbers may not sum due to rounding.

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

Legislative Priorities

The General Assembly expressed its spending priorities by restricting \$292.7 million of appropriations for other purposes. **Exhibit A-1.10** details the specific restrictions or authorizations. The bulk of these are tied to either public school construction (\$127.0 million, or 43%) or K-12 enhancements related to The Blueprint for Maryland's Future (\$104.8 million, or 36%). Another \$25.0 million, or 9%, would be allocated to DHCD PAYGO programs. The remaining \$36.0 million (12%) is restricted for a variety of grants or programs, including \$7.0 million for technology improvements for the Baltimore City Police Department, \$3.6 million to establish a Baltimore Regional Information Center in DSP to address crime in Baltimore City, and \$3.5 million to establish a rape kit testing grant fund in GOCCP.

Exhibit A-1.10 Legislative Budget Priorities Fiscal 2020

	<u>General Funds</u>	<u>Special Funds</u>
Source of Funds: Legislative Priority		
GOCCP: Baltimore Regional Information Center	\$3,647,141	
Comptroller: Grant to Cash Campaign of Maryland	200,000	
Comptroller: Private Letter Ruling Process	255,946	
MDOT: Transit Fares for Youth in Summer Employment		\$168,000
MDOT: Study of Regional Transportation Authorities		45,000
MDOT: Southern Maryland Rapid Transit Project		2,500,000
DNR: Implement Oyster Legislation	500,000	
MDH: Tuberculosis Grants	100,000	
MDH: Bed Registry System	100,000	
MDH: Grants to Nonprofit for Chronic Pain Management	750,000	
MDH: Tele-education for Childhood Mental Health Disorders	1,800,000	
Medicaid: Prescription Drug Affordability Board	750,000	
DHS: Grant to Support Transition to Two Generation Model	950,000	
DLLR: Baltimore City YouthWorks	1,000,000	
DLLR: Anne Arundel YouthWorks	500,000	
DLLR: Prince George's Workforce Development Board	500,000	
DLLR: Adult High School Programs in Opportunity Zones	300,000	

	<u>General Funds</u>	<u>Special Funds</u>
DLLR: Hagerstown Community College	200,000	
DPSCS: Staffing Study	500,000	
MSDE: P-TECH Consultant Study	100,000	
MSDE: The Blueprint for Maryland's Future	4,000,000	35,750,000
IAC: The Blueprint for Maryland's Future		65,000,000
MHEC: Modifications to Maryland College Aid System	125,000	
MHEC: Reaccredit Physician's Assistant Program at UMES	1,000,000	
MHEC: Attorney Fees for Violation of Sexual Assault Policies	250,000	
MHEC: Eastern Shore Ctr. for Innov. Entrepreneurship and Econ. Dev.	307,750	
MHEC: TeamBuilder's Academy at PG Community College	250,000	
MHEC: Youth for Success Youth Conflict Management	50,000	
MHEC: Nurse Practitioner Program at Frostburg State Univ.	261,500	
DHCD: East Baltimore Development, Inc.	2,500,000	
DHCD: Baltimore Rock Opera Society	175,000	
Commerce: Grant to Visit Baltimore	500,000	
Commerce: Minority Outreach for Business Programs	300,000	
Commerce: WellMobile	200,000	
Commerce: PG Community College Operating Expenses	250,000	
TEDCO: Baltimore and PG State's Attorney's Offices Grants	250,000	
TEDCO: Baltimore Police Dept. Technology Improvements	7,000,000	
TEDCO: Baltimore Symphony Orchestra	1,600,000	
TEDCO: Implement Ending Youth Homelessness Act	500,000	
TEDCO: North Bay Overnight Program	430,000	
TEDCO: Irvington Place and Harlem Gardens Security Grants	150,000	
TEDCO: Rape Kit Testing Grant Fund	3,500,000	
TEDCO: Pretrial Services Grant Fund	750,000	
TEDCO: Crest Regional Higher Education Center	50,000	
MDE: Remediation of 1600 Harford Avenue Property	200,000	
Rainy Day Fund/DPA: Public School Construction	127,000,000	
DPA: DHCD Pay-as-you-go Programs	25,000,000	
Sunny Day Fund: Maryland Academy of Sciences Operating Support	335,000	

	<u>General Funds</u>	<u>Special Funds</u>
Sunny Day Fund: MSU Task Force on Reconciliation and Equity	25,000	
Sunny Day Fund: Grant to Lighthouse Homeless Shelter	100,000	
Total	\$189,212,237	\$103,463,000

Commerce: Department of Commerce
 DHCD: Department of Housing and Community Development
 DHS: Department of Human Services
 DLLR: Department of Labor, Licensing, and Regulation
 DNR: Department of Natural Resources
 DPA: Dedicated Purpose Account
 DPSCS: Department of Public Safety and Correctional Services
 GOCCP: Governor's Office of Crime Control and Prevention
 IAC: Interagency Committee on School Construction
 MDE: Maryland Department of the Environment
 MDH: Maryland Department of Health
 MDOT: Maryland Department of Transportation
 MHEC: Maryland Higher Education Commission
 MSDE: Maryland Department of Education
 MSU: Morgan State University
 PG: Prince George's County
 P-TECH: Pathways in Technology Early College High
 TEDCO: Maryland Technology Development Corporation
 UMES: University of Maryland Eastern Shore

Source: Department of Legislative Services

Exhibit A-1.11 illustrates the intent of the General Assembly that the Governor process budget amendments totaling \$150.3 million in special funds to implement spending under The Blueprint for Maryland's Future. If processed, the budget amendment would bring the total amount available for the The Blueprint for Maryland's Future in fiscal 2020 to \$255.7 million.

Exhibit A-1.11
Special Fund Spending Authorized for The Blueprint for Maryland’s Future
Fiscal 2020

	<u>Special Funds</u>
Unappropriated Kirwan Funds	\$134,500,000
Gaming Revenue	15,766,919
Total	\$150,266,919

Kirwan: Commission on Innovation and Excellence in Education

Source: Department of Legislative Services

By the Numbers

A number of exhibits summarize legislative budget action, as described below.

Exhibit A-1.12, the fiscal note on the budget bill, depicts the Governor’s allowance, funding changes made through one supplemental budget, legislative reductions, and final appropriations for fiscal 2019 and 2020 by fund source. The Governor’s original request provided for \$46.6 billion in fiscal 2020 expenditures and \$216.5 million in fiscal 2019 deficiencies.

The Governor withdrew a net \$25.3 million in fiscal 2019 spending in one supplemental budget. Net of legislative reductions of \$17.3 million, the fiscal 2019 appropriation is \$44.8 billion. The fiscal 2020 budget decreased by \$13.2 million through one supplemental budget and net legislative actions (including the addition of special funds consistent with legislative intent) totaling \$4.9 million. This resulted in a final appropriation of \$46.6 billion.

Exhibit A-1.13 illustrates budget changes by major expenditure category by fund. Total spending increases by \$1.8 billion, or 4.0%. Debt service grows by \$50.7 million, or 3.1%, based on the past and projected issuance of GO and transportation debt. Aid to local government increases by \$556.4 million, or 6.4%, largely due to formula-based education aid as well as the reflection of legislative intent on funding for The Blueprint for Maryland’s Future. Increases are also provided for transportation and public safety grants. Entitlement spending decreases by \$211.5 million, or 1.6%, driven by declining enrollment in the Medicaid program as well as a lower calendar 2019 rate for MCO providers. State agency spending increases by \$650.3 million, or 3.5%, largely due to growth in higher education spending, a 3% general salary increase for State employees effective July 1, 2019, and various increases in agency operations and programs. PAYGO capital expenditures increase by \$243.2 million, or 7.8%. Legislative action authorized \$127.0 million for public school construction, \$39.9 million for POS, and \$25 million for DHCD PAYGO programs.

Exhibit A-1.12
Fiscal Note – Summary of the Fiscal 2020 Budget Bill – *House Bill 100*

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
Governor’s Allowance					
Fiscal 2019 Budget	\$17,926,954,525	\$9,179,215,997	\$13,091,453,029	\$4,656,155,634	\$44,853,779,185 ⁽¹⁾
Fiscal 2020 Budget	19,526,867,839 ⁽²⁾	9,128,435,374	13,177,083,146	4,775,103,692	46,607,490,051
Supplemental Budgets					
Fiscal 2019 Deficiencies	-\$25,515,291	\$235,000	\$0	\$0	-\$25,280,291
Fiscal 2020 Budget	-1,543,465	2,600,000	-14,252,470	0	-13,195,935
Subtotal	-\$27,058,756	\$2,835,000	-\$14,252,470	\$0	-\$38,476,226
Budget Reconciliation and Financing Act (BRFA) of 2019					
Fiscal 2019 Deficiencies	-\$38,939,918	\$0	-\$2,912,113	\$0	-\$41,852,031
Fiscal 2020 Budget	-32,000,000	47,766,919 ⁽³⁾	0	0	15,766,919
Total Reductions	-\$70,939,918	\$47,766,919	-\$2,912,113	\$0	-\$26,085,112
Legislative Reductions					
Fiscal 2019 Deficiencies	\$24,554,000	\$0	\$0	\$0	\$24,554,000
Fiscal 2020 Budget	-109,516,088	115,790,484 ⁽⁴⁾	-17,163,816	0	-10,889,420
Total Reductions	-\$84,962,088	\$115,790,484	-\$17,163,816	\$0	-\$13,664,580
Appropriations					
Fiscal 2019 Budget	\$17,887,053,316	\$9,179,450,997	\$13,088,540,916	\$4,656,155,634	\$44,811,200,863
Fiscal 2020 Budget	19,383,808,286	9,294,592,777	13,145,666,860	4,775,103,692	46,599,171,615
Change	\$1,496,754,970	\$115,141,780	\$57,125,944	\$118,948,058	\$1,787,970,752

⁽¹⁾ Reflects \$216.5 million in proposed deficiencies, including \$53.0 million in general funds, \$77.0 million in special funds, and \$86.4 million in federal funds. Assumes \$35.0 million in unspecified general fund reversions.

⁽²⁾ Assumes \$35 million in unspecified general fund reversions.

⁽³⁾ Assumes \$32.0 million in special funds to back-fill for general fund reductions and \$15.8 million in spending on The Blueprint for Maryland’s Future utilizing Education Trust Fund revenue generated by the Budget Reconciliation and Financing Act of 2019.

⁽⁴⁾ Includes the assumption of \$134.5 million in special fund spending on The Blueprint for Maryland’s Future utilizing revenue from the Commission on Innovation and Excellence in Education Fund.

Exhibit A-1.13
State Expenditures – General Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Working</u> <u>Approp.</u>	<u>2020</u> <u>Legislative</u> <u>Approp.</u>	<u>2020</u> <u>Legislative</u> <u>Priorities⁽¹⁾</u>	<u>2020</u> <u>Adjusted</u> <u>Legislative</u> <u>Approp.</u>	<u>2019-2020</u>	
					<u>Approp.</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$259.6	\$286.0	\$287.0	\$0.0	\$287.0	\$1.0	0.3%
County/Municipal	\$276.9	\$288.9	\$300.9	\$11.5	\$312.4	\$23.5	8.2%
Community Colleges	317.0	322.4	331.0	0.7	331.7	9.3	2.9%
Education/Libraries	5,970.2	6,059.1	6,407.8	4.0	6,411.8	352.8	5.8%
Health	49.5	52.7	55.4	0.0	55.4	2.7	5.1%
Aid to Local Governments	\$6,613.5	\$6,723.0	\$7,095.1	\$16.2	\$7,111.3	\$388.3	5.8%
Foster Care Payments	\$191.9	\$188.2	\$191.2	\$0.0	\$191.2	\$3.1	1.6%
Assistance Payments	55.1	45.4	40.6	0.0	40.6	-4.8	-10.5%
Medical Assistance	3,194.0	3,389.9	3,504.6	0.0	3,504.6	114.7	3.4%
Property Tax Credits	89.8	101.2	97.2	0.0	97.2	-4.0	-3.9%
Entitlements	\$3,530.9	\$3,724.6	\$3,833.6	\$0.0	\$3,833.6	\$109.0	2.9%
Health	\$1,425.6	\$1,492.0	\$1,542.6	\$3.5	\$1,546.1	\$54.1	3.6%
Human Services	363.1	372.3	361.9	1.0	362.8	-9.4	-2.5%
Children's Cabinet Interagency Fund	18.5	18.5	18.5	0.0	18.5	0.1	0.3%
Juvenile Services	258.0	263.7	260.3	0.1	260.4	-3.4	-1.3%
Public Safety/Police	1,469.7	1,521.5	1,534.9	4.1	1,539.1	17.6	1.2%
Higher Education	1,432.6	1,481.8	1,528.0	1.8	1,529.8	48.0	3.2%
Other Education	421.7	461.2	488.4	1.0	489.3	28.2	6.1%
Agriculture/Natural Res./Environment	119.9	127.1	141.7	0.5	142.2	15.1	11.9%
Other Executive Agencies	662.8	781.8	927.3	6.2	933.6	151.7	19.4%
Judiciary	484.2	508.5	534.6	0.0	534.6	26.1	5.1%
Legislative	89.3	91.3	95.6	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-5.2	0.0	-5.2	-5.2	n/a
State Agencies	\$6,745.5	\$7,119.6	\$7,428.7	\$18.1	\$7,446.8	\$327.2	4.6%
Total Operating	\$17,149.6	\$17,853.2	\$18,644.5	\$34.3	\$18,678.8	\$825.6	4.6%
Capital ⁽¹⁾	\$9.5	\$59.5	\$77.0	\$154.9	\$231.8	\$172.3	289.8%
Subtotal	\$17,159.1	\$17,912.7	\$18,721.4	\$189.2	\$18,910.6	\$997.9	5.6%
Reserve Funds	\$10.0	\$9.3	\$508.2	\$0.0	\$508.2	\$498.8	5,337.6%
Appropriations	\$17,169.1	\$17,922.1	\$19,229.6	\$189.2	\$19,418.8	\$1,496.8	8.4%
Reversions	\$0.0	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$17,169.1	\$17,887.1	\$19,194.6	\$189.2	\$19,383.8	\$1,496.8	8.4%

⁽¹⁾ The General Assembly reduced the allowance by \$189.2 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$189.2 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$13.1 million in deficiencies.

Exhibit A-1.13 (Continued)
State Expenditures – Special and Higher Education Funds*
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2020 Legislative Priorities⁽¹⁾</u>	<u>2020 Adjusted Legislative Approp.</u>	<u>2019-2020 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,303.8	\$1,337.8	\$1,388.8	\$0.0	\$1,388.8	\$51.0	3.8%
County/Municipal	\$347.9	\$374.8	\$400.5	\$0.0	\$400.5	\$25.6	6.8%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	475.8	556.4	428.4	247.6	676.0	119.6	21.5%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$823.7	\$931.2	\$828.9	\$247.6	\$1,076.5	\$145.3	15.6%
Foster Care Payments	\$4.3	\$4.3	\$4.3	\$0.0	\$4.3	-\$0.1	-1.4%
Assistance Payments	9.6	10.1	5.4	0.0	5.4	-4.7	-46.2%
Medical Assistance	918.9	932.1	902.3	0.0	902.3	-29.8	-3.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$932.7	\$946.6	\$912.0	\$0.0	\$912.0	-\$34.5	-3.6%
Health	\$382.0	\$429.7	\$442.8	\$0.0	\$442.8	\$13.1	3.0%
Human Services	85.5	82.6	76.5	0.0	76.5	-6.1	-7.4%
Juvenile Services	3.3	3.6	3.0	0.0	3.0	-0.6	-15.9%
Public Safety/Police	211.8	217.7	229.0	0.0	229.0	11.4	5.2%
Higher Education	4,490.8	4,733.6	4,856.9	0.0	4,856.9	123.3	2.6%
Other Education	67.1	72.1	69.0	3.4	72.4	0.3	0.4%
Transportation	1,942.4	1,974.9	2,035.6	0.0	2,035.6	60.8	3.1%
Agriculture/Natural Res./Environment	262.8	303.4	294.4	0.0	294.4	-9.0	-3.0%
Other Executive Agencies	606.2	750.0	763.0	0.0	763.0	13.0	1.7%
Judiciary	58.1	62.1	65.3	0.0	65.3	3.3	5.3%
Across-the-board Cuts	0.0	0.0	-0.4	0.0	-0.4	-0.4	n/a
State Agencies	\$8,109.9	\$8,629.6	\$8,835.2	\$3.4	\$8,838.5	\$209.0	2.4%
Total Operating	\$11,170.1	\$11,845.2	\$11,964.9	\$251.0	\$12,215.9	\$370.7	3.1%
Capital	\$1,855.3	\$1,990.4	\$1,853.8	0.0	\$1,853.8	-\$136.6	-6.9%
Transportation	1,490.7	1,514.2	1,425.9	0.0	1,425.9	-88.4	-5.8%
Environment	187.1	220.3	177.7	0.0	177.7	-42.5	-19.3%
Other	177.5	255.9	250.2	0.0	250.2	-5.7	-2.2%
Grand Total	\$13,025.4	\$13,835.6	\$13,818.7	\$251.0	\$14,069.7	\$234.1	1.7%

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

⁽¹⁾ The General Assembly reduced the allowance by \$100.8 million but provided authorization for those funds to be used for a variety of purposes. In the 2019 budget bill and the Budget Reconciliation and Financing Act of 2019 (*House Bill 1407*), the General Assembly identified additional special fund spending priorities of \$150.3 million for The Blueprint for Maryland's Future (*Senate Bill 1030*). However, spending the total additional amount of \$251.0 million is at the discretion of the Governor.

Note: The fiscal 2019 working appropriation reflects deficiencies of \$77.3 million. The fiscal 2020 legislative appropriation reflects \$37.7 million in additional special fund spending due to funding swaps.

Exhibit A-1.13 (Continued)
State Expenditures – Federal Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2019-2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$12.8	\$11.5	-\$1.3	-10.1%
County/Municipal	\$75.0	\$74.0	\$74.1	\$0.0	0.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	864.4	961.9	984.7	22.8	2.4%
Health	4.2	0.0	0.0	0.0	n/a
<i>Aid to Local Governments</i>	<i>\$943.6</i>	<i>\$1,035.9</i>	<i>\$1,058.7</i>	<i>\$22.8</i>	<i>2.2%</i>
Foster Care Payments	\$70.4	\$68.8	\$74.6	\$5.8	8.4%
Assistance Payments	1,029.4	1,102.6	1,045.2	-57.4	-5.2%
Medical Assistance	6,652.4	7,069.1	6,834.0	-235.1	-3.3%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	<i>\$7,752.2</i>	<i>\$8,240.5</i>	<i>\$7,953.8</i>	<i>-\$286.7</i>	<i>-3.5%</i>
Health	\$968.7	\$1,106.4	\$1,140.8	\$34.4	3.1%
Human Services	527.8	552.1	571.0	18.9	3.4%
Juvenile Services	4.6	5.3	4.5	-0.8	-15.4%
Public Safety/Police	34.5	34.9	37.4	2.5	7.2%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	234.4	282.8	305.6	22.9	8.1%
Transportation	99.5	98.4	108.0	9.6	9.8%
Agriculture/Natural Res./Environment	59.2	69.6	67.1	-2.5	-3.6%
Other Executive Agencies	580.2	595.3	626.4	31.1	5.2%
Judiciary	0.5	1.1	0.2	-0.9	-80.2%
Across-the-board Cuts	0.0	0.0	-0.4	-0.4	n/a
<i>State Agencies</i>	<i>\$2,509.4</i>	<i>\$2,745.9</i>	<i>\$2,860.7</i>	<i>\$114.9</i>	<i>4.2%</i>
Total Operating	\$11,216.8	\$12,035.1	\$11,884.8	-\$150.4	-1.2%
Capital	\$926.9	\$1,053.4	\$1,260.9	\$207.5	19.7%
Transportation	814.2	983.6	1,144.3	160.7	16.3%
Environment	42.6	43.3	52.9	9.6	22.1%
Other	70.1	26.5	63.8	37.2	140.2%
Grand Total	\$12,143.7	\$13,088.5	\$13,145.7	\$57.1	0.4%

Note: The fiscal 2019 working appropriation includes \$83.5 million in deficiencies.

Exhibit A-1.13 (Continued)
State Expenditures – State Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2020 Legislative Priorities⁽¹⁾</u>	<u>2020 Adjusted Legislative Approp.</u>	<u>2019-2020</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,563.4	\$1,623.8	\$1,675.8	\$0.0	\$1,675.8	\$52.0	3.2%
County/Municipal	\$624.8	\$663.7	\$701.4	\$11.5	\$712.9	\$49.2	7.4%
Community Colleges	317.0	322.4	331.0	0.7	331.7	9.3	2.9%
Education/Libraries	6,446.0	6,615.5	6,836.2	251.6	7,087.9	472.4	7.1%
Health	49.5	52.7	55.4	0.0	55.4	2.7	5.1%
<i>Aid to Local Governments</i>	<i>\$7,437.2</i>	<i>\$7,654.3</i>	<i>\$7,924.0</i>	<i>\$263.8</i>	<i>\$8,187.8</i>	<i>\$533.6</i>	<i>7.0%</i>
Foster Care Payments	\$196.2	\$192.5	\$195.5	\$0.0	\$195.5	\$3.0	1.6%
Assistance Payments	64.7	55.5	46.0	0.0	46.0	-9.5	-17.0%
Medical Assistance	4,112.9	4,322.0	4,407.0	0.0	4,407.0	84.9	2.0%
Property Tax Credits	89.8	101.2	97.2	0.0	97.2	-4.0	-3.9%
<i>Entitlements</i>	<i>\$4,463.6</i>	<i>\$4,671.1</i>	<i>\$4,745.6</i>	<i>\$0.0</i>	<i>\$4,745.6</i>	<i>\$74.5</i>	<i>1.6%</i>
Health	\$1,807.6	\$1,921.7	\$1,985.4	\$3.5	\$1,988.9	\$67.2	3.5%
Human Services	448.6	454.8	438.3	1.0	439.3	-15.5	-3.4%
Children's Cabinet Interagency Fund	18.5	18.5	18.5	0.0	18.5	0.1	0.3%
Juvenile Services	261.3	267.3	263.3	0.1	263.4	-3.9	-1.5%
Public Safety/Police	1,681.5	1,739.1	1,763.9	4.1	1,768.1	28.9	1.7%
Higher Education	5,923.4	6,215.4	6,384.9	1.8	6,386.7	171.4	2.8%
Other Education	488.8	533.3	557.4	4.3	561.7	28.4	5.3%
Transportation	1,942.4	1,974.9	2,035.6	0.0	2,035.6	60.8	3.1%
Agriculture/Natural Res./Environment	382.7	430.5	436.1	0.5	436.6	6.1	1.4%
Other Executive Agencies	1,269.1	1,531.8	1,690.3	6.2	1,696.6	164.7	10.8%
Judiciary	542.3	570.6	600.0	0.0	600.0	29.4	5.1%
Legislative	89.3	91.3	95.6	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-5.6	0.0	-5.6	-5.6	n/a
<i>State Agencies</i>	<i>\$14,855.4</i>	<i>\$15,749.2</i>	<i>\$16,263.9</i>	<i>\$21.5</i>	<i>\$16,285.4</i>	<i>\$536.2</i>	<i>3.4%</i>
Total Operating	\$28,319.7	\$29,698.4	\$30,609.3	\$285.4	\$30,894.7	\$1,196.3	4.0%
Capital ⁽²⁾	\$1,864.8	\$2,049.9	\$1,930.8	\$154.9	\$2,085.7	\$35.7	1.7%
Transportation	1,490.7	1,514.2	1,425.9	0.0	1,425.9	-88.4	-5.8%
Environment	187.6	220.8	178.3	0.0	178.3	-42.5	-19.3%
Other	186.5	314.9	326.6	154.9	481.5	166.6	52.9%
Subtotal	\$30,184.5	\$31,748.3	\$32,540.1	\$440.2	\$32,980.3	\$1,232.0	3.9%

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2020 Legislative Priorities⁽¹⁾</u>	<u>2020 Adjusted Legislative Approp.</u>	<u>2019-2020</u>	
						<u>\$ Change</u>	<u>% Change</u>
Reserve Funds	10.0	\$9.3	\$508.2	\$0.0	\$508.2	\$498.8	5,337.6%
Appropriations	\$30,194.5	\$31,757.7	\$33,048.3	\$440.2	\$33,488.5	\$1,730.8	5.5%
Reversions	0.0	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$30,194.5	\$31,722.7	\$33,013.3	\$440.2	\$33,453.5	\$1,730.8	5.5%

⁽¹⁾ The General Assembly reduced the allowance by \$290.0 million but provided authorization for those funds to be used for a variety of purposes. In the budget bill of 2019 and the Budget Reconciliation and Financing Act of 2019 (*House Bill 1407*), the General Assembly identified additional special fund spending priorities of \$150.3 million for The Blueprint for Maryland's Future (*Senate Bill 1030*). However, spending the total additional amount of \$440.2 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$90.4 million in deficiencies. The fiscal 2020 legislative appropriation reflects \$37.7 million in additional special fund spending due to funding swaps.

Exhibit A-1.13 (Continued)
State Expenditures – All Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2020 Legislative Priorities⁽¹⁾</u>	<u>2020 Adjusted Legislative Approp.</u>	<u>2019-2020</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,575.0	\$1,636.6	\$1,687.4	\$0.0	\$1,687.4	\$50.7	3.1%
County/Municipal	\$699.7	\$737.7	\$775.4	\$11.5	\$786.9	\$49.2	6.7%
Community Colleges	317.0	322.4	331.0	0.7	331.7	9.3	2.9%
Education/Libraries	7,310.4	7,577.4	7,820.9	251.6	8,072.5	495.2	6.5%
Health	53.7	52.7	55.4	0.0	55.4	2.7	5.1%
<i>Aid to Local Governments</i>	<i>\$8,380.9</i>	<i>\$8,690.2</i>	<i>\$8,982.7</i>	<i>\$263.8</i>	<i>\$9,246.6</i>	<i>\$556.4</i>	<i>6.4%</i>
Foster Care Payments	\$266.6	\$261.3	\$270.1	\$0.0	\$270.1	\$8.8	3.4%
Assistance Payments	1,094.2	1,158.0	1,091.2	0.0	1,091.2	-66.8	-5.8%
Medical Assistance	10,765.2	11,391.2	11,240.9	0.0	11,240.9	-150.2	-1.3%
Property Tax Credits	89.8	101.2	97.2	0.0	97.2	-4.0	-3.9%
<i>Entitlements</i>	<i>\$12,215.8</i>	<i>\$12,911.6</i>	<i>\$12,699.4</i>	<i>\$0.0</i>	<i>\$12,699.4</i>	<i>-\$212.2</i>	<i>-1.6%</i>
Health	\$2,779.2	\$3,028.2	\$3,126.2	\$3.5	\$3,129.7	\$101.6	3.4%
Human Services	976.3	1,006.9	1,009.4	1.0	1,010.3	3.4	0.3%
Children's Cabinet Interagency Fund	18.5	18.5	18.5	0.0	18.5	0.1	0.3%
Juvenile Services	265.9	272.6	267.8	0.1	267.9	-4.8	-1.7%
Public Safety/Police	1,715.9	1,774.0	1,801.3	4.1	1,805.5	31.5	1.8%
Higher Education	5,923.4	6,215.4	6,384.9	1.8	6,386.7	171.4	2.8%
Other Education	723.3	816.1	863.0	4.3	867.3	51.3	6.3%
Transportation	2,041.9	2,073.3	2,143.7	0.0	2,143.7	70.4	3.4%
Agriculture/Natural Res./Environment	441.9	500.1	503.2	0.5	503.7	3.6	0.7%
Other Executive Agencies	1,849.3	2,127.1	2,316.7	6.2	2,323.0	195.8	9.2%
Judiciary	542.8	571.7	600.2	0.0	600.2	28.5	5.0%
Legislative	89.3	91.3	95.6	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-6.0	0.0	-6.0	-6.0	n/a
<i>State Agencies</i>	<i>\$17,367.7</i>	<i>\$18,495.0</i>	<i>\$19,124.6</i>	<i>\$21.5</i>	<i>\$19,146.1</i>	<i>\$651.1</i>	<i>3.5%</i>
Total Operating	\$39,539.4	\$41,733.5	\$42,494.1	\$285.4	\$42,779.4	\$1,045.9	2.5%
Capital ⁽²⁾	\$2,791.8	\$3,103.3	\$3,191.7	\$154.9	\$3,346.6	\$243.2	7.8%
Transportation	2,304.9	2,497.8	2,570.2	0.0	2,570.2	72.3	2.9%
Environment	230.2	264.1	231.1	0.0	231.1	-32.9	-12.5%
Other	256.6	341.4	390.4	154.9	545.3	203.8	59.7%
Subtotal	\$42,331.1	\$44,836.9	\$45,685.8	\$440.2	\$46,126.0	\$1,289.2	2.9%

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Approp.</u>	<u>2020 Legislative Approp.</u>	<u>2020 Legislative Priorities⁽¹⁾</u>	<u>2020 Adjusted Legislative Approp.</u>	<u>2019-2020</u>	
						<u>\$ Change</u>	<u>% Change</u>
Reserve Funds	10.0	\$9.3	\$508.2	\$0.0	\$508.2	\$498.8	5,337.6%
Appropriations	\$42,341.1	\$44,846.2	\$46,193.9	\$440.2	\$46,634.2	\$1,788.0	4.0%
Reversions	0.0	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$42,341.1	\$44,811.2	\$46,158.9	\$440.2	\$46,599.2	\$1,788.0	4.0%

⁽¹⁾ The General Assembly reduced the allowance by \$290.0 million but provided authorization for those funds to be used for a variety of purposes. In the 2019 budget bill and the Budget Reconciliation and Financing Act of 2019 (*House Bill 1407*), the General Assembly identified additional special fund spending priorities of \$150.3 million for The Blueprint for Maryland's Future (*Senate Bill 1030*). However, spending the total additional amount of \$440.2 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$173.9 million in deficiencies. The fiscal 2020 legislative appropriation reflects \$37.7 million in additional special fund spending due to funding swaps.

Capital Budget

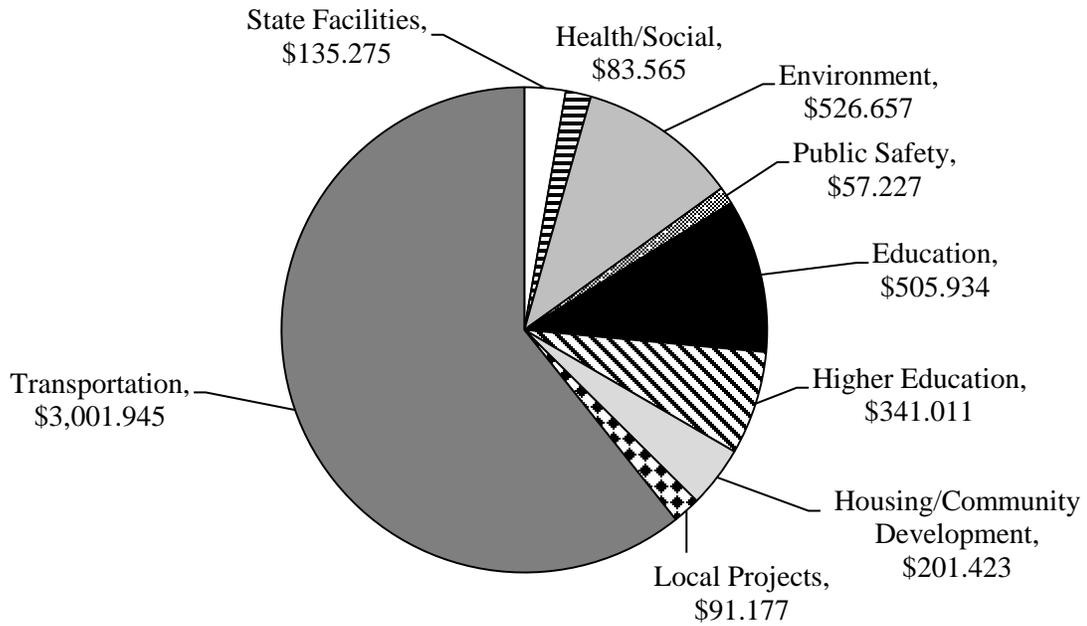
The General Assembly passed a fiscal 2020 capital program totaling \$4.944 billion, including \$3.002 billion for the transportation program. Apart from transportation, the program totals \$1.942 billion: \$1.092 billion is funded with general obligation (GO) bonds authorized in *House Bill 101 (Ch. 14)*, the Maryland Consolidated Capital Bond Loan (MCCBL) of 2019; \$816.1 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and \$34.0 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland facilities authorized in *House Bill 1352 (passed)*.

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 2020, **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 bond initiative projects funded in the MCCBL of 2019. The MCCBL of 2019 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 2020 Capital Program Uses and Sources
(**\$ in Millions**)

Uses



Sources

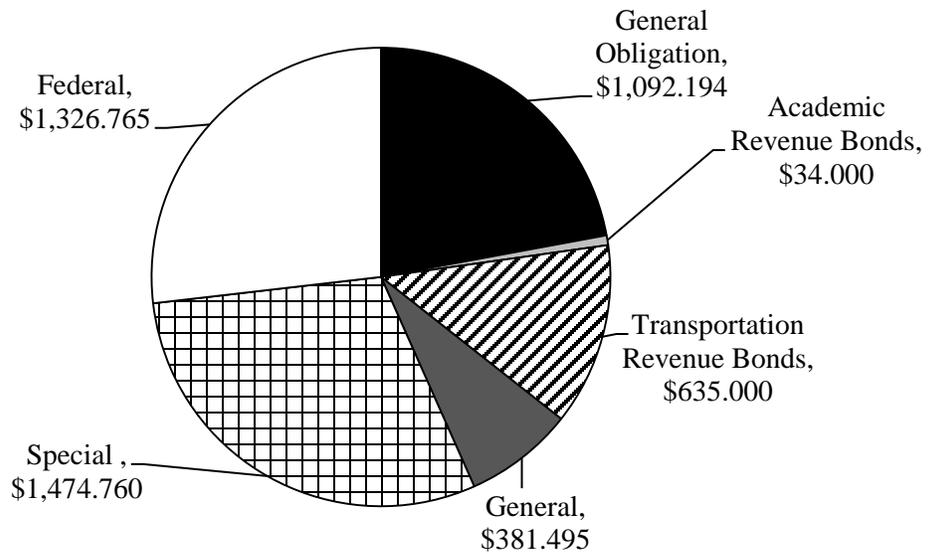


Exhibit A-2.2
Capital Program Summary for the 2019 Session
(\$ in Millions)

<u>Function</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General Obligation</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
State Facilities						\$135.3
Facilities Renewal	\$41.4	\$0.0	\$0.0	\$0.0	\$0.0	
State Facilities Other	53.2	0.0	0.0	0.0	40.7	
Health/Social						\$83.6
Health Other	\$9.8	\$0.0	\$0.0	\$0.0	\$0.0	
Health State Facilities	2.3	0.0	0.0	0.0	0.0	
Private Hospitals	71.5	0.0	0.0	0.0	0.0	
Environment						\$526.7
Agriculture	\$20.9	\$0.0	\$1.0	\$45.0	\$0.0	
Environment	21.5	0.0	0.5	177.7	52.9	
Maryland Environmental Service	9.3	0.0	0.0	0.0	0.0	
Natural Resources	8.2	0.0	33.8	149.0	6.9	
Public Safety						\$57.2
Local Jails	\$8.2	\$0.0	\$0.0	\$0.0	\$0.0	
State Corrections	38.9	0.0	0.0	0.0	0.0	
State Police	10.2	0.0	0.0	0.0	0.0	
Education						\$505.9
Education Other	\$5.3	\$0.0	\$0.0	\$0.0	\$0.0	
School Construction	330.1	0.0	170.5	0.0	0.0	
Higher Education						\$341.0
Community Colleges	\$83.1	\$0.0	\$3.8	\$0.0	\$0.0	
Morgan State University	42.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	17.6	0.0	0.0	0.0	0.0	
St. Mary's College of Maryland	17.0	0.0	0.0	0.0	0.0	
University System	143.6	34.0	0.0	0.0	0.0	

<u>Function</u>	Bonds		Current Funds (PAYGO)			<u>Total</u>
	<u>General Obligation</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
Housing and Community Development						\$201.4
Housing	\$62.3	\$0.0	\$52.9	\$56.0	\$16.2	
Housing Other	4.8	0.0	9.0	0.3	0.0	
Local Projects						\$91.2
Local Project Administration	\$35.0	\$0.0	\$0.0	\$0.0	\$0.0	
Local Project Legislative	56.2	0.0	0.0	0.0	0.0	
Current Year Total	\$1,092.2	\$34.0	\$271.5	\$428.0	\$116.6	\$1,942.3
Deauthorizations						-\$7.2
Deauthorizations	-\$4.2	\$0.0	\$0.0	\$0.0	\$0.0	
Deauthorizations Other	-\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	
Adjusted Total	\$1,085.0	\$34.0	\$271.5	\$428.0	\$116.6	\$1,935.1
Transportation	\$0.0	\$635.0	\$110.0	\$1,046.8	\$1,210.2	\$3,002.0
Current Year Grand Total	\$1,092.2	\$669.0	\$381.5	\$1,474.8	\$1,326.8	\$4,944.3

PAYGO: pay-as-you-go

Exhibit 2.3
Capital Program for the 2019 Session

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
	State Facilities						
D55P04A	MDVA: Cheltenham Veterans Cemetery Burial Expansion and Improvements	\$0	\$0	\$0	\$0	\$11,538,000	\$11,538,000
DA0201A	MDOD: Accessibility Modifications	1,697,000	0	0	0	0	1,697,000
DE0201A	BPW: Construction Contingency Fund	2,500,000	0	0	0	0	2,500,000
DE0201B	BPW: Facilities Renewal Fund	34,399,000	0	0	0	0	34,399,000
DE0201C	BPW: Fuel Storage Tank Replacement Program	1,000,000	0	0	0	0	1,000,000
DE0201D	BPW: Lawyer's Mall Underground Infrastructure Replacement	6,000,000	0	0	0	0	6,000,000
DE02111C	BPW: New Courts of Appeal Building	1,900,000	0	0	0	0	1,900,000
DE0211A	BPW: Addition to Washington County District Court	325,000	0	0	0	0	325,000
DE0211B	BPW: Shillman Building Conversion	2,080,000	0	0	0	0	2,080,000
DH0104A	MD: Freedom Readiness Center	3,015,000	0	0	0	1,635,000	4,650,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
DH0104B	MD: Havre de Grace CSMS Surface Equipment and Automotive Maintenance Facility	1,552,000	0	0	0	24,533,000	26,085,000
DH0106A	MD: MEMA Headquarters Renovation and Expansion	990,000	0	0	0	0	990,000
FB04A	DoIT: Public Safety Communication System	30,840,000	0	0	0	0	30,840,000
RP00A	MPBC: Maryland Public Television Transmission Systems Replacement	61,000	0	0	0	3,000,000	3,061,000
RP00B	MPBC: Studio A Renovations and Addition	8,210,000	0	0	0	0	8,210,000
	Subtotal	\$94,569,000	\$0	\$0	\$0	\$40,706,000	\$135,275,000
	Health/Social						
DA0701A	MDOA: Senior Centers Capital Grant Program	\$818,000	\$0	\$0	\$0	\$0	\$818,000
MA01A	MDH: Community Health Facilities Grant Program	6,500,000	0	0	0	0	6,500,000
MA01B	MDH: Federally Qualified Health Centers Grant Program	2,500,000	0	0	0	0	2,500,000
MA10A	MDH: Clifton T. Perkins Hospital	2,297,000	0	0	0	0	2,297,000
RQ00A	UMMS: Capital Region Medical Center	56,200,000	0	0	0	0	56,200,000
RQ00B	UMMS: Comprehensive Cancer and Organ Transplant Treatment Center	3,000,000	0	0	0	0	3,000,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
RQ00C	UMMS: R Adams Cowley Shock Trauma Center – Phase III	4,000,000	0	0	0	0	4,000,000
ZA00AU	MISC: MedStar Franklin Square Hospital	1,750,000	0	0	0	0	1,750,000
ZA00BB	MISC: Sinai Hospital of Baltimore	1,000,000	0	0	0	0	1,000,000
ZA01A	MISC: Anne Arundel Health System North Hospital Pavilion Renovations	387,000	0	0	0	0	387,000
ZA01B	MISC: Carroll Hospital Center New Critical Care Unit	800,000	0	0	0	0	800,000
ZA01C	MISC: Holy Cross Hospital Labor and Delivery Unit	600,000	0	0	0	0	600,000
ZA01D	MISC: Howard County General Hospital Comprehensive Breast Center	347,000	0	0	0	0	347,000
ZA01E	MISC: MedStar Southern Maryland	500,000	0	0	0	0	500,000
ZA01F	MISC: MedStar Union Memorial Renovations	425,000	0	0	0	0	425,000
ZA01G	MISC: Mercy Medical Center	1,141,000	0	0	0	0	1,141,000
ZA01H	MISC: Peninsula Regional Medical Center East Tower Renovations	800,000	0	0	0	0	800,000
ZA01I	MISC: University of Maryland St. Joseph Medical Center Weinberg Emergency Department	500,000	0	0	0	0	500,000
	Subtotal	\$83,565,000	\$0	\$0	\$0	\$0	\$83,565,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
	Environment						
KA0510A	DNR: Natural Resources Development Fund	\$0	\$0	\$3,625,036	\$15,281,533	\$1,350,000	\$20,256,569 ¹
KA0510B	DNR: Critical Maintenance Program	0	0	9,286,358	4,159,480	0	13,445,838 ¹
KA0510C	DNR: Program Open Space – State	0	0	0	47,127,317	3,000,000	50,127,317
KA0510D	DNR: Program Open Space – Local	0	0	8,535,752	48,031,709	0	56,567,461 ¹
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	0	0	6,893,048	18,852,009	0	25,745,057 ¹
KA0906A	DNR: Ocean City Beach Maintenance	0	0	0	2,000,000	0	2,000,000
KA1401A	DNR: Waterway Improvement Fund	0	0	0	13,500,000	2,500,000	16,000,000
KA1402A	DNR: Coastal Resiliency Program	3,085,000	0	0	0	0	3,085,000
KA1701A	DNR: Oyster Restoration Program	2,610,000	0	0	0	0	2,610,000
LA1111A	MDA: Maryland Agricultural Land Preservation Program	0	0	5,456,292	45,015,994	0	50,472,286 ¹
LA1205A	MDA: Salisbury Animal Health Laboratory Replacement	12,417,000	0	0	0	0	12,417,000
LA15A	MDA: Maryland Agricultural Cost Share Program	8,500,000	0	0	0	0	8,500,000
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	525,000	0	0	525,000
UA0111A	MDE: Bay Restoration Fund	0	0	0	70,000,000	0	70,000,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
UA0112	MDE: Bay Restoration Fund Septic System Program	0	0	0	15,000,000	0	15,000,000
UA01A	MDE: Comprehensive Flood Mitigation Program	5,000,000	0	0	0	0	5,000,000
UA01B	MDE: Maryland Drinking Water Revolving Loan Program	5,287,000	0	0	12,672,000	14,041,000	32,000,000
UA01C	MDE: Maryland Water Quality Revolving Loan Fund	8,764,000	0	0	80,073,000	38,820,000	127,657,000
UA01D	MDE: Mining Remediation Program	500,000	0	0	0	0	500,000
UA01E	MDE: Water Supply Financial Assistance Program	1,960,000	0	0	0	0	1,960,000
UB00A	MES: Infrastructure Improvement Fund	9,290,000	0	0	0	0	9,290,000
YA0201	MDA: Southern Maryland Agricultural Land Preservation	0	0	999,000	0	0	999,000 ¹
	Subtotal	\$59,913,000	\$0	\$35,320,486	\$371,713,042	\$59,711,000	\$526,657,528
	Public Safety						
QB0403A	DPSCS: Roxbury Correctional Institution Gatehouse and Perimeter Security System	\$611,000	\$0	\$0	\$0	\$0	\$611,000
QR0201A	DPSCS: Maryland Correctional Institution Perimeter Security Improvements	1,226,000	0	0	0	0	1,226,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
QR0202A	DPSCS: Maryland Correctional Training Center Housing Unit Windows and Steam Heating System	5,337,000	0	0	0	0	5,337,000
QS0101A	DPSCS: Jessup Region Electrical Infrastructure Upgrade	7,930,000	0	0	0	0	7,930,000
QT04A	DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	23,816,000	0	0	0	0	23,816,000
WA01A	DSP: New Berlin Barrack and Garage	800,000	0	0	0	0	800,000
WA01B	DSP: New Cumberland Barrack and Garage	7,154,000	0	0	0	0	7,154,000
WA01C	DSP: State Law Enforcement Special Operations Group Center	2,200,000	0	0	0	0	2,200,000
ZB02A	DPSCS: Anne Arundel County Central Holding and Processing Center	1,715,000	0	0	0	0	1,715,000
ZB02B	DPSCS: Calvert County Detention Center Site and Security Improvements	249,000	0	0	0	0	249,000
ZB02C	DPSCS: Queen Anne’s County Detention Center Additions and Renovations	678,000	0	0	0	0	678,000

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ZB02D	DPSCS: St. Mary's County Adult Detention Center Upgrades, Housing, and Medical Units	5,511,000	0	0	0	0	5,511,000
	Subtotal	\$57,227,000	\$0	\$0	\$0	\$0	\$57,227,000
	Education						
RA0702A	IAC: Aging Schools Program	\$6,109,000	\$0	\$0	\$0	\$0	\$6,109,000
RA0702B	IAC: Public School Construction Program	251,800,000	0	127,000,000	0	0	378,800,000 ²
RA0702C	IAC: Senator James E. "Ed" DeGrange Nonpublic Aging Schools Program	4,000,000	0	0	0	0	4,000,000 ³
RA0702D	IAC: Supplemental Capital Grant Program for Local School Systems	68,200,000	0	0	0	0	68,200,000
RA0702F	IAC: Healthy School Facilities Fund	0	0	30,000,000	0	0	30,000,000
RA0702H	IAC: Nonpublic School Safety Improvements	0	0	3,500,000	0	0	3,500,000
RA0702I	IAC: Public School Safety Improvements Grant Program	0	0	10,000,000	0	0	10,000,000
RA11A	MSLA: Public Library Capital Grant Program	5,000,000	0	0	0	0	5,000,000
RE01A	MSD: New Emergency Notification System – Columbia Campus	325,000	0	0	0	0	325,000
	Subtotal	\$335,434,000	\$0	\$170,500,000	\$0	\$0	\$505,934,000

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	Higher Education						
RB21A	UMB: Central Electric Substation and Electrical Infrastructure Upgrades	\$13,159,000	\$0	\$0	\$0	\$0	\$13,159,000
RB22A	UMCP: Chemistry Building Wing I Replacement	4,663,000	0	0	0	0	4,663,000
RB22B	UMCP: School of Public Policy Building	12,500,000	0	0	0	0	12,500,000
RB22C	UMCP: New Cole Field House	3,941,000	0	0	0	0	3,941,000
RB23A	BSU: Communication Arts and Humanities Building	5,100,000	0	0	0	0	5,100,000
RB23B	BSU: Robinson Hall Infrastructure Improvements	1,400,000	0	0	0	0	1,400,000
RB24A	TU: New College of Health Professionals Building	5,266,000	0	0	0	0	5,266,000
RB24B	TU: Science Facility	66,225,000	2,000,000	0	0	0	68,225,000
RB25A	UMES: School of Pharmacy and Health Professions	5,015,000	5,000,000	0	0	0	10,015,000
RB25B	UMES: Campus Flood Mitigation Project	0	1,008,000	0	0	0	1,008,000
RB26A	FSU: Education Professions and Health Sciences Center	6,200,000	0	0	0	0	6,200,000
RB31A	UMBC: Utility Upgrades and Site Improvements	1,676,000	2,346,000	0	0	0	4,022,000
RB31B	UMBC: Stadium and Athletic Facility Improvements	1,500,000	0	0	0	0	1,500,000
RB36A	USMO: Capital Facilities Renewal	10,000,000	18,646,000	0	0	0	28,646,000

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RB36B	USMO: Southern Maryland Regional Higher Education Center	6,953,000	5,000,000	0	0	0	11,953,000
RC00A	BCCC: Liberty Campus Loop Road and Entrance Improvements	874,000	0	0	0	0	874,000
RD00A	SMCM: Academic Building and Auditorium	13,208,000	0	0	0	0	13,208,000
RD00B	SMCM: Campus Infrastructure Improvements	3,763,000	0	0	0	0	3,763,000
RI0005A	MHEC: Community College Facilities Renewal Program	0	0	3,800,000	0	0	3,800,000
RI00A	MHEC: Community College Construction Grant Program	76,705,000	0	0	0	0	76,705,000
RM00A	MSU: Deferred Maintenance and Site Improvements	10,000,000	0	0	0	0	10,000,000
RM00B	MSU: New Health and Human Services Building	4,901,000	0	0	0	0	4,901,000
RM00C	MSU: New Health and Human Services Building Phase II	4,403,000	0	0	0	0	4,403,000
RM00D	MSU: New Student Services Support Building	22,659,000	0	0	0	0	22,659,000
ZA00Y	MISC: Garrett College – Community Education and Performing Arts Center	5,500,000	0	0	0	0	5,500,000
ZA00AN	MICUA: Hood College Hodson Library and Technology Center Renovations	2,900,000	0	0	0	0	2,900,000

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ZA00AO	MICUA: Johns Hopkins University Stavros Niarchos Foundation Agora Institute	2,900,000	0	0	0	0	2,900,000
ZA00AP	MICUA: Mount St. Mary's University Knott Academic Center	2,900,000	0	0	0	0	2,900,000
ZA00AQ	MICUA: Stevenson University New Academic Building	2,900,000	0	0	0	0	2,900,000
ZA00BD	MISC: Stevenson University – Rosewood Property Environmental Abatement	6,000,000	0	0	0	0	6,000,000
	Subtotal	\$303,211,000	\$34,000,000	\$3,800,000	\$0	\$0	\$341,011,000
	Housing and Community Development						
DB01A	HSMCC: Maryland Dove	\$2,500,000	\$0	\$0	\$0	\$0	\$2,500,000
DW0108A	MDP: Maryland Archeological Conservation Laboratory Expansion and Renovation	668,000	0	0	0	0	668,000
DW0111A	MDP: African American Heritage Preservation Grant Program	1,000,000	0	0	0	0	1,000,000
DW0111B	MDP: Maryland Historical Trust Capital Grant Program	600,000	0	0	0	0	600,000
DW0111C	MDP: Maryland Historical Trust Revolving Loan Fund	0	0	0	300,000	0	300,000
DW0112A	MDP: Sustainable Communities Tax Credit	0	0	9,000,000	0	0	9,000,000

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SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	9,000,000	9,000,000
SA2402B	DHCD: Baltimore Regional Neighborhoods Initiative	0	0	12,000,000	0	0	12,000,000 ⁴
SA2402C	DHCD: Seed Community Development Anchor Institution Fund	0	0	5,000,000	0	0	5,000,000 ⁵
SA24A	DHCD: Community Legacy Program	6,000,000	0	0	0	0	6,000,000
SA24B	DHCD: Neighborhood Business Development Program	6,000,000	0	2,000,000	2,200,000	0	10,200,000
SA24C	DHCD: Strategic Demolition and Smart Growth Impact Fund	850,000	0	15,000,000	8,400,000	0	24,250,000 ⁶
SA24D	DHCD: National Capital Strategic Economic Development Fund	4,000,000	0	0	0	0	4,000,000
SA25A	DHCD: Homeownership Programs	7,800,000	0	0	15,200,000	0	23,000,000
SA25B	DHCD: Housing and Building Energy Programs	1,000,000	0	0	8,350,000	700,000	10,050,000
SA25C	DHCD: Local Government Infrastructure Fund	9,680,000	0	0	0	0	9,680,000
SA25D	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25E	DHCD: Rental Housing Program	13,000,000	0	14,000,000	16,500,000	4,500,000	48,000,000 ⁷

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SA25F	DHCD: Shelter and Transitional Housing Facilities Grant Program	4,000,000	0	0	0	0	4,000,000
SA25G	DHCD: Special Loan Programs	4,000,000	0	0	5,300,000	2,000,000	11,300,000
YA0201	HSMCC: Historic St. Mary’s Commission Facilities Renewal	0	0	1,000,000	0	0	1,000,000
YA0201	MDP: Patterson Center Renovations	0	0	3,875,000	0	0	3,875,000
	Subtotal	\$67,098,000	\$0	\$61,875,000	\$56,250,000	\$16,200,000	\$201,423,000
	Local Projects						
ZA00A	MISC: A Wider Circle – Community Services Center Renovation and Expansion	\$500,000	\$0	\$0	\$0	\$0	\$500,000
ZA00B	MISC: Allegany Museum – Facility Renovation	200,000	0	0	0	0	200,000
ZA00C	MISC: ARC of Washington County – Facility Renovations	500,000	0	0	0	0	500,000
ZA00D	MISC: Arena Players Infrastructure Improvements	300,000	0	0	0	0	300,000
ZA00E	MISC: Baltimore Police Department Evidence Storage Facility	1,500,000	0	0	0	0	1,500,000
ZA00F	MISC: Bon Secours Community Works	725,000	0	0	0	0	725,000
ZA00G	MISC: Cal Ripken Sr. Foundation Athletic Fields	500,000	0	0	0	0	500,000

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ZA00I	MISC: Carroll Hospice – Dove House Renovation	650,000	0	0	0	0	650,000
ZA00J	MISC: Chesapeake Bay Environmental Center – New Pavilion	175,000	0	0	0	0	175,000
ZA00K	MISC: Chesapeake Bay Maritime Museum – New Library and Exhibit Building	250,000	0	0	0	0	250,000
ZA00L	MISC: Chesapeake Region Accessible Boating – Adaptive Boating Center	1,000,000	0	0	0	0	1,000,000
ZA00N	MISC: City of Brunswick – New Emergency Operations Center	483,000	0	0	0	0	483,000
ZA00O	MISC: City of Brunswick – New Public Works Repair Building	100,000	0	0	0	0	100,000
ZA00P	MISC: City of Brunswick – Stormwater Tunnel Repairs	100,000	0	0	0	0	100,000
ZA00Q	MISC: City of Gaithersburg – New Police Station	1,000,000	0	0	0	0	1,000,000
ZA00R	MISC: Citywide Youth Development – EMAGE Center	450,000	0	0	0	0	450,000
ZA00S	MISC: Cumberland to LaVale Water and Sewer Line	250,000	0	0	0	0	250,000
ZA00T	MISC: Delmarva Community Services – Chesapeake Grove Senior Housing and Intergenerational Center	200,000	0	0	0	0	200,000

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ZA00U	MISC: ECO City Farms – Electrical and HVAC Improvements	100,000	0	0	0	0	100,000
ZA00V	MISC: Frederick County – Detox Facility	500,000	0	0	0	0	500,000
ZA00W	MISC: Frederick County – ROOT Business Innovation Center	250,000	0	0	0	0	250,000
ZA00Z	MISC: Garrett County Emergency Operations Center	500,000	0	0	0	0	500,000
ZA00AA	MISC: Hagerstown Revitalization	500,000	0	0	0	0	500,000
ZA00AB	MISC: Harford Crisis Center	750,000	0	0	0	0	750,000
ZA00AC	MISC: HEAT Center – National Center for Manufacturing Sciences	875,000	0	0	0	0	875,000
ZA00AD	MISC: Helping Up Mission – Women and Children Support Services Building	1,900,000	0	0	0	0	1,900,000
ZA00AE	MISC: Historic Annapolis	3,000,000	0	0	0	0	3,000,000
ZA00AF	MISC: Hollins Market and Avenue Market Renovations	500,000	0	0	0	0	500,000
ZA00AG	MISC: Imagination Stage – New Storage Facility	550,000	0	0	0	0	550,000
ZA00AH	MISC: Junior Achievement of Central Maryland – Youth Workforce Innovation Center	350,000	0	0	0	0	350,000
ZA00AJ	MISC: KID Museum – New Facility	300,000	0	0	0	0	300,000
ZA00AK	MISC: Lexington Market	500,000	0	0	0	0	500,000

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		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00AL	MISC: Maryland Center for the Arts – New Amphitheater	125,000	0	0	0	0	125,000
ZA00AM	MISC: Maryland Historical Society – Building Renovations	500,000	0	0	0	0	500,000
ZA00AR	MISC: Maryland State Fair – Facility Improvements	500,000	0	0	0	0	500,000
ZA00AS	MISC: Maryland Zoo in Baltimore	5,000,000	0	0	0	0	5,000,000
ZA00AT	MISC: McHenry Business Park – Interior Construction	100,000	0	0	0	0	100,000
ZA00AV	MISC: National Aquarium in Baltimore	2,000,000	0	0	0	0	2,000,000
ZA00AY	MISC: Olney Theatre Center – Site Improvements and Artists’ Village	500,000	0	0	0	0	500,000
ZA00AZ	MISC: Paul’s Place – Community Training Kitchen	500,000	0	0	0	0	500,000
ZA00BA	MISC: Ronald McDonald House – New Baltimore Facility	500,000	0	0	0	0	500,000
ZA00BC	MISC: Somerset County Visitor Center – Exhibit Center Addition	500,000	0	0	0	0	500,000
ZA00BE	MISC: The League for People with Disabilities – Facility Upgrade	500,000	0	0	0	0	500,000
ZA00BF	MISC: Town of North Brentwood – Stormwater Remediation	250,000	0	0	0	0	250,000

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ZA00BG	MISC: University of Maryland – New Hillel Student Center	1,000,000	0	0	0	0	1,000,000
ZA00BH	MISC: Washington County Public Service Academy – New Training Facility	500,000	0	0	0	0	500,000
ZA00BI	MISC: Western Correctional Institution – Adaptive Community and Workforce Training Facility	1,650,000	0	0	0	0	1,650,000
ZA00BJ	MISC: Woodbourne Center Vocational Building	380,000	0	0	0	0	380,000
ZA00BK	MISC: YMCA of Chesapeake – St. Michael’s YMCA Senior Center	250,000	0	0	0	0	250,000
ZA00BL	MISC: YMCA of Frederick County – New South County Complex	400,000	0	0	0	0	400,000
ZA00BM	MISC: YWCA – Domestic Violence Safe House Shelter	100,000	0	0	0	0	100,000
ZA00BN	MISC: YWCA – Educational and Wellness Center	300,000	0	0	0	0	300,000
ZA00BO	MISC: Brooklyn Park Athletic Complex	1,000,000	0	0	0	0	1,000,000
ZA00BP	MISC: Maryland Hall for the Creative Arts	1,000,000	0	0	0	0	1,000,000
ZA00BQ	MISC: National Center on Institutions and Alternatives Expansion	500,000	0	0	0	0	500,000

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ZA00BR	MISC: Franklin Middle School Infrastructure Improvements	500,000	0	0	0	0	500,000
ZA00BS	MISC: Roberta's House	500,000	0	0	0	0	500,000
ZA00BT	MISC: Greenbelt Consumer Cooperative	350,000	0	0	0	0	350,000
ZA00BU	MISC: Baltimore Museum of Art	2,000,000	0	0	0	0	2,000,000
ZA00BV	MISC: College Park Woods Community Facility Redevelopment	200,000	0	0	0	0	200,000
ZA00BW	MISC: Glen Burnie High School Stadium	500,000	0	0	0	0	500,000
ZA00BX	MISC: France-Merrick Performing Arts Center	1,000,000	0	0	0	0	1,000,000
ZA00BY	MISC: Stephen P. Turney Recreation Complex	250,000	0	0	0	0	250,000
ZA00BZ	MISC: Everyman Theatre	500,000	0	0	0	0	500,000
ZA00CA	MISC: Frostburg Municipal Center	100,000	0	0	0	0	100,000
ZA00CB	MISC: YMCA of Cumberland	50,000	0	0	0	0	50,000
ZA00CC	MISC: Western Maryland Works	300,000	0	0	0	0	300,000
ZA00CD	MISC: Station North Investment Fund	1,000,000	0	0	0	0	1,000,000
ZA00CE	MISC: Bates Middle School Outdoor Recreation Improvements	1,000,000	0	0	0	0	1,000,000
ZA00CF	MISC: YMCA Bethesda Chevy Chase	300,000	0	0	0	0	300,000

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ZA00CG	MISC: Delta Lambda Foundation Outreach Center	1,000,000	0	0	0	0	1,000,000
ZA00CH	MISC: Maryland State LGBT Center	500,000	0	0	0	0	500,000
ZA00CI	MISC: Innovative Center for Autonomous Systems	500,000	0	0	0	0	500,000
ZA00CJ	MISC: College Park City Hall	500,000	0	0	0	0	500,000
ZA00CK	MISC: Prince George’s Indoor Sports Facility	600,000	0	0	0	0	600,000
ZA00CL	MISC: Newtowne Community Resource Center	750,000	0	0	0	0	750,000
ZA00CM	MISC: Woodlawn High School Athletic Facilities	300,000	0	0	0	0	300,000
ZA00CN	MISC: Caroline County Public Schools Track Replacement	325,000	0	0	0	0	325,000
ZA00CO	MISC: Columbia Local Park	200,000	0	0	0	0	200,000
ZA00CP	MISC: VFW Free State Post 8950 Aquaculture Training Center	200,000	0	0	0	0	200,000
ZA00CQ	MISC: Center Stage	1,000,000	0	0	0	0	1,000,000
ZA00CR	MISC: Western Maryland Training Center	150,000	0	0	0	0	150,000
ZA00CS	MISC: Sheppard Pratt Hospital	2,000,000	0	0	0	0	2,000,000
ZA00CT	MISC: Ripken Stadium	300,000	0	0	0	0	300,000
ZA00CU	MISC: Merriweather Post Pavilion	2,000,000	0	0	0	0	2,000,000
ZA00CV	MISC: Prince George’s County Public High School Athletic Facilities	3,100,000	0	0	0	0	3,100,000

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ZA00CW	MISC: Johns Hopkins Medicine New Medical Research Building Children's Medical and Surgical Center and North Tower Annex	3,000,000	0	0	0	0	3,000,000
ZA00CX	MISC: Poolesville Grape Crushing Economic Development Facility	1,000,000	0	0	0	0	1,000,000
ZA00CY	MISC: Round House Theatre	500,000	0	0	0	0	500,000
ZA00CZ	MISC: National Cryptologic Museum – Cyber Center of Education and Innovation	500,000	0	0	0	0	500,000
ZA00DA	MISC: Charles E. Smith Life Communities	235,000	0	0	0	0	235,000
ZA00DB	MISC: Baltimore Police Mounted Unit Stables	400,000	0	0	0	0	400,000
ZA00DC	MISC: Doctor First Mobile Communication System	1,000,000	0	0	0	0	1,000,000
ZA00DD	MISC: Prince George's County Amphitheatre	250,000	0	0	0	0	250,000
ZA00DE	MISC: Blue Whale Recycling Plant	300,000	0	0	0	0	300,000
ZA00DF	MISC: North County High School Field House	82,000	0	0	0	0	82,000
ZA00DG	MISC: Belvedere Place	75,000	0	0	0	0	75,000
ZA00DH	MISC: Wayland Village II	50,000	0	0	0	0	50,000
ZA00DI	MISC: Cherry Hill Town Center	250,000	0	0	0	0	250,000
ZA00DJ	MISC: Chesapeake Shakespeare Company Pedestrian Bridge	50,000	0	0	0	0	50,000

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		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00DL	MISC: Port Discovery Children’s Museum	1,000,000	0	0	0	0	1,000,000
ZA00DM	MISC: South Baltimore Learning Center	50,000	0	0	0	0	50,000
ZA00DN	MISC: Westport Community Economic Development Corporation	50,000	0	0	0	0	50,000
ZA00DO	MISC: Le Mondo	100,000	0	0	0	0	100,000
ZA00DP	MISC: New City of Hope Literacy Center	100,000	0	0	0	0	100,000
ZA00DQ	MISC: Great Blacks in Wax Museum	150,000	0	0	0	0	150,000
ZA00DR	MISC: Hoen Building II	75,000	0	0	0	0	75,000
ZA00DS	MISC: North East Housing Initiative	75,000	0	0	0	0	75,000
ZA00DT	MISC: Northeast Family Life Center	50,000	0	0	0	0	50,000
ZA00DU	MISC: The Last Mile Community Enhancements	192,000	0	0	0	0	192,000
ZA00DV	MISC: Weinberg Community Center	60,000	0	0	0	0	60,000
ZA00DW	MISC: Baltimore Rock Opera Society	25,000	0	0	0	0	25,000
ZA00DX	MISC: Harford Road Senior Center	150,000	0	0	0	0	150,000
ZA00DY	MISC: Parkville High School Turf Field	150,000	0	0	0	0	150,000
ZA00DZ	MISC: Avery Road Treatment Center	525,000	0	0	0	0	525,000
ZA00EA	MISC: Garrett County Public High School Athletic Facilities	1,500,000	0	0	0	0	1,500,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00EB	MISC: Jewish Foundation for Group Homes	50,000	0	0	0	0	50,000
ZA00EC	MISC: White Rose Foundation Service Center	250,000	0	0	0	0	250,000
ZA00ED	MISC: Arundel Lodge	50,000	0	0	0	0	50,000
ZA00EE	MISC: Vehicles for Change	100,000	0	0	0	0	100,000
ZA00EF	MISC: Rash Field Park	1,000,000	0	0	0	0	1,000,000
ZA00EG	MISC: College Park Woods Neighborhood Park	200,000	0	0	0	0	200,000
ZA00EH	MISC: Josiah Henson Park	250,000	0	0	0	0	250,000
ZA00EI	MISC: Randallstown Community Center	25,000	0	0	0	0	25,000
ZA00EJ	MISC: Reisterstown Sportsplex	30,000	0	0	0	0	30,000
ZA00EK	MISC: Northwest Regional Park	15,000	0	0	0	0	15,000
ZA00EL	MISC: Reisterstown Regional Park	25,000	0	0	0	0	25,000
ZA00EM	MISC: Radebaugh Park	100,000	0	0	0	0	100,000
ZA00EN	MISC: Linover Park	50,000	0	0	0	0	50,000
ZA00EO	MISC: Ovid Hazen Wells Recreational Park	200,000	0	0	0	0	200,000
ZA00EP	MISC: Hagerstown Municipal Stadium	300,000	0	0	0	0	300,000
ZA00EQ	MISC: Doctors Community Hospital	250,000	0	0	0	0	250,000
ZA00ER	MISC: Huntingtown Heritage Society	300,000	0	0	0	0	300,000
ZA00ES	MISC: Town of Brookville Market Street Improvements	100,000	0	0	0	0	100,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00ET	MISC: Deale Volunteer Fire Department	25,000	0	0	0	0	25,000
ZA00EU	MISC: HopeWork Community Development Corporation	100,000	0	0	0	0	100,000
ZA00EV	MISC: CrossRoads Freedom Center Recovery Housing	100,000	0	0	0	0	100,000
ZA00EW	MISC: Chesapeake Arts Center	150,000	0	0	0	0	150,000
ZA00EX	MISC: CASA Centers Technology Upgrades	125,000	0	0	0	0	125,000
ZA00EY	MISC: Gatehouse Community Resource Center	100,000	0	0	0	0	100,000
ZA00EZ	MISC: Girl Scouts Program Center Refresh	50,000	0	0	0	0	50,000
ZA00FA	MISC: Maryland-National Capital Park and Planning Commission Property Acquisition	500,000	0	0	0	0	500,000
ZA00FB	MISC: University Park Town Hall	50,000	0	0	0	0	50,000
ZA00FC	MSU: Lake Arbor Capital Improvements	50,000	0	0	0	0	50,000
ZA00FD	MISC: Bus Shelter Public Arts Projects	100,000	0	0	0	0	100,000
ZA00FE	MISC: East Baltimore Library	100,000	0	0	0	0	100,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA02	Local House Initiatives	7,500,000	0	0	0	0	7,500,000
ZA03	Local Senate Initiatives	7,500,000	0	0	0	0	7,500,000
	Subtotal	\$91,177,000	\$0	\$0	\$0	\$0	\$91,177,000
	Current Year Total	\$1,092,194,000	\$34,000,000	\$271,495,486	\$427,963,042	\$116,617,000	\$1,942,269,528
	Deauthorizations						
ZF00	Deauthorizations as Introduced	-\$4,194,000	\$0	\$0	\$0	\$0	-\$4,194,000
ZF00A	Additional Deauthorizations	-3,000,000	0	0	0	0	-3,000,000
	Total Deauthorizations	-\$7,194,000	\$0	\$0	\$0	\$0	-\$7,194,000
	Adjusted Current Year Total	\$1,085,000,000	\$34,000,000	\$271,495,486	\$427,963,042	\$116,617,000	\$1,935,075,528
	Transportation CTP	\$0	\$635,000,000	\$0	\$1,046,796,515	\$1,210,148,000	\$2,891,944,515
	Transportation DPA	\$0	\$0	\$110,000,000	\$0	\$0	\$110,000,000
	Grand Total	\$1,092,194,000	\$669,000,000	\$381,495,486	\$1,474,759,557	\$1,326,765,000	\$4,944,214,043

BCCC: Baltimore City Community College
 BPW: Board of Public Works
 BSU: Bowie State University
 CSMS: Combined Support Maintenance Shop
 CTP: Consolidated Transportation Program
 DPA: Dedicated Purpose Account
 DHCD: Department of Housing and Community Development
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services

MDOD: Maryland Department of Disabilities
 MDP: Maryland Department of Planning
 MDVA: Maryland Department of Veterans Affairs
 MEMA: Maryland Emergency Management Agency
 MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MICUA: Maryland Independent College and University Association
 MISC: miscellaneous
 MPBC: Maryland Public Broadcasting Commission

DoIT: Department of Information Technology
 DSP: Department of State Police
 FSU: Frostburg State University
 GO: general obligation
 HSMCC: Historic St. Mary’s City Commission
 HVAC: heating, ventilation, and air conditioning
 IAC: Interagency Commission on School Construction
 MD: Military Department
 MDA: Maryland Department of Agriculture
 MDE: Maryland Department of the Environment
 MDH: Maryland Department of Health
 MDOA: Maryland Department of Aging

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
 UMES: University of Maryland Eastern Shore
 UMMS: University of Maryland Medical System
 USMO: University System of Maryland Office

¹ The general funds reflect the General Assembly’s allocation of funds budgeted in the DPA of the State Reserve Fund (SRF) for the transfer tax replacement plan as established by Chapter 10 of 2016 and subsequently amended by the Budget Reconciliation and Financing Act of 2018. This amount includes \$1.0 million for facilities renewal projects at HSMCC, \$3.875 million for renovations to the Patterson Center restricted from the amount budgeted for the Natural Resources Development Fund, and \$999,000 for agricultural land preservation through the Southern Maryland Tri-County Council restricted from the amount budgeted for the Department of Agricultural Land Preservation Program. The Governor is authorized to process a special fund budget amendment to transfer funds from the DPA for these purposes.

² The General Assembly restricted \$90.0 million in the Revenue Stabilization Account and another \$37.0 million from the DPA of the SRF to increase the total amount for all school construction related programs to \$500.5 million for fiscal 2020. Of the \$37.0 million in the DPA, \$9.285 million may only be expended for the purpose of providing reimbursement to public school systems whose counties forward funded the State’s share of eligible public school construction and cannot be reimbursed with GO bond funds. The Governor is authorized to process a special fund budget amendment to transfer funds from the DPA for these purposes.

³ The budget restricts \$1.042 million for the following projects: \$250,000 for the Bishop McNamara High School; \$200,000 for the St. Elizabeth School; \$142,000 for the Kent School; \$125,000 for the Torah Institute of Baltimore; \$125,000 for The Ivymount School; \$100,000 for the Mother Seton Academy; and \$100,000 for the Summit School.

⁴ The budget restricts \$125,000 of this appropriation for the purpose of providing a grant to the Baltimore Rock Opera Society.

⁵ The budget restricts \$2.5 million of this appropriation for the purpose of providing a grant to the East Baltimore Development Inc.

⁶ The General Assembly restricted \$13.0 million in the DPA of the SRF to be used for the DHCD Smart Growth Impact Fund program. The Governor is authorized to process a special fund budget amendment to transfer funds from the DPA for these purposes.

⁷ The General Assembly restricted \$12.0 million in the DPA of the SRF designated for the Washington Metropolitan Area Transit Authority contributions to instead be used for the DHCD Rental Housing Program. The Governor is authorized to process a special fund budget amendment to transfer funds from the DPA for these purposes.

Exhibit 2.4
Legislative Bond Initiative Projects
2019 Session

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Statewide				
CASA Centers Technology Upgrades			\$125,000	\$125,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$125,000</i>	<i>\$125,000</i>
Allegany				
Frostburg Municipal Center		\$100,000	\$100,000	\$200,000
Western Maryland Works		60,000	300,000	360,000
YMCA of Cumberland		50,000	50,000	100,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$210,000</i>	<i>\$450,000</i>	<i>\$660,000</i>
Anne Arundel				
Annapolis Compassion Center	\$50,000			\$50,000
Annapolis Maritime Museum and Park	125,000	\$50,000		175,000
Anne Arundel County Fairgrounds		75,000		75,000
Anne Arundel County Food and Resource Bank			\$165,000	165,000
Arundel Lodge	50,000		50,000	100,000
Cape St. Claire Beach Replenishment		25,000		25,000
Chesapeake Arts Center			150,000	150,000
Chesapeake High School Stadium Upgrades		125,000		125,000
Chrysalis House Child Development Center	100,000	100,000		200,000
Deale Volunteer Fire Department			25,000	25,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Glen Burnie High School Stadium			500,000	500,000
Historic Annapolis Museum	100,000			100,000
John Marshall Park		13,000		13,000
Maryland City Athletic Complex Lighting Upgrade	50,000	50,000		100,000
Maryland Hall for the Creative Arts			1,000,000	1,000,000
National Cryptologic Museum and Cyber Center for Education and Innovation			500,000	500,000
North County High School Field House		118,000	82,000	200,000
Pascal Crisis Stabilization Center	100,000			100,000
Ralph J. Bunche Community Center		37,000		37,000
The Summit School Academic and Resource Center			100,000	100,000
Subtotal	\$575,000	\$593,000	\$2,572,000	\$3,740,000
Baltimore City				
40 West Assistance and Referral Center		\$200,000		\$200,000
Baltimore Museum of Art			\$2,000,000	2,000,000
Baltimore Police Mounted Unit Stables			400,000	400,000
Baltimore Rock Opera Society			25,000	25,000
Belvedere Place			75,000	75,000
Bond Street Park			50,000	50,000
Cherry Hill Town Center			250,000	250,000
Chesapeake Shakespeare Company Pedestrian Bridge	\$100,000		50,000	150,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Cylburn Arboretum Carriage House and Nature Museum			250,000	250,000
East Baltimore Historical Library			100,000	100,000
Edward A. Myerberg Senior Center	75,000			75,000
Everyman Theatre			500,000	500,000
France-Merrick Performing Arts Center			1,000,000	1,000,000
Garrett Park			250,000	250,000
Gatehouse Community Resource Center			100,000	100,000
Great Blacks in Wax Museum		100,000	150,000	250,000
Harford Road Senior Center		100,000	150,000	250,000
Hoehn Building – Number 2			75,000	75,000
HopeWork Community Development Corporation		100,000	100,000	200,000
Johnston Square Greenspace	15,000			15,000
Le Mondo			100,000	100,000
Maryland State LGBT Center			500,000	500,000
Mercy High School Athletics Complex	150,000			150,000
Mother Seton Academy			100,000	100,000
New City of Hope Literacy Center			100,000	100,000
New Creation Christian Church Hoop House	100,000			100,000
North East Housing Initiative			75,000	75,000
Northeast Family Life Center			50,000	50,000
Port Discovery Children’s Museum			1,000,000	1,000,000
Rash Field Park			1,000,000	1,000,000
Restoration House	50,000			50,000
Roberta’s House			500,000	500,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Roland Water Tower Stabilization	75,000			75,000
South Baltimore Learning Center	125,000		50,000	175,000
St. Elizabeth’s School			200,000	200,000
The Hub Integrated Learning Resource Center	200,000			200,000
The Last Mile Community Enhancements			192,000	192,000
Vehicles for Change			100,000	100,000
Warwick Park			50,000	50,000
Wayland Village II		100,000	50,000	150,000
Weinberg Community Center			60,000	60,000
Westport Community Economic Development Corporation	75,000		50,000	125,000
WYPR Radio Building and Studio	175,000			175,000
Subtotal	\$1,140,000	\$600,000	\$9,702,000	\$11,442,000
Baltimore				
Chestnut Ridge Volunteer Fire Company	\$50,000			\$50,000
Essex Elementary School Playground	30,000	\$29,000		59,000
Fire Museum of Maryland	100,000	100,000		200,000
Idlewylde Hall	75,000			75,000
Lansdowne Volunteer Fire Department	75,000			75,000
Linover Park			\$50,000	50,000
Morning Star Family Life Center	250,000	50,000		300,000
National Center on Institutions and Alternatives Expansion			500,000	500,000
Parkville High School Turf Field		100,000	150,000	250,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Perry Hall High School Stadium Press Box		200,000		200,000
Pikesville High School Artificial Turf Field	250,000	600,000		850,000
Radebaugh Park			100,000	100,000
St. Luke's United Methodist Church Fellowship Hall		160,000		160,000
Torah Institute of Baltimore			125,000	125,000
Upperco Volunteer Fire Company	85,000			85,000
WIN Team Headquarters and Treatment Facility	327,000			327,000
Woodlawn High School Athletic Facilities	50,000		300,000	350,000
<i>Subtotal</i>	<i>\$1,292,000</i>	<i>\$1,239,000</i>	<i>\$1,225,000</i>	<i>\$3,756,000</i>
Calvert				
Calvert Marine Museum Paleontology Collections and Research Center	\$250,000			\$250,000
St. John Vianney Inter-Faith Food Pantry		\$125,000		\$125,000
<i>Subtotal</i>	<i>\$250,000</i>	<i>\$125,000</i>	<i>\$0</i>	<i>\$375,000</i>
Caroline				
Caroline County Public Schools Track Replacement			\$325,000	\$325,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$325,000</i>	<i>\$325,000</i>
Carroll				
Boys and Girls Club of Westminster		\$50,000		\$50,000
Carroll County Turf Field	\$150,000	50,000		200,000
<i>Subtotal</i>	<i>\$150,000</i>	<i>\$100,000</i>	<i>\$0</i>	<i>\$250,000</i>

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Cecil				
Bee Hive Colonial Village		\$75,000		\$75,000
Our Town Early Literacy Center		50,000		50,000
Subtotal	\$0	\$125,000	\$0	\$125,000
Charles				
Benedict Volunteer Fire Department and Rescue Squad and Auxiliary Facility		\$150,000		\$150,000
Indian Head Center for the Arts	\$65,000			65,000
Indian Head Recreation Center	200,000			200,000
Lions Camp Merrick		35,000		35,000
The Arnold House		75,000		75,000
Velocity Center		25,000		25,000
Subtotal	\$265,000	\$285,000	\$0	\$550,000
Dorchester				
Dorchester Center for the Arts		\$80,000		\$80,000
Maces Lane Community Center	\$100,000			100,000
Richardson Maritime Museum		20,000		20,000
Subtotal	\$100,000	\$100,000	\$0	\$200,000
Frederick				
CrossRoads Freedom Center Recovery Housing			\$100,000	\$100,000
Federated Charities District Building	\$75,000			75,000
Frederick Bocce Ball Courts		\$50,000		50,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Heritage Frederick Capital Improvements		25,000		25,000
Sophie and Madigan Lillard Memorial Playground		50,000		50,000
YMCA of Frederick County	200,000			200,000
Yourtee Springs		100,000		100,000
<i>Subtotal</i>	<i>\$275,000</i>	<i>\$225,000</i>	<i>\$100,000</i>	<i>\$600,000</i>
Garrett				
Garrett County Historical Museum	\$50,000	\$50,000		\$100,000
Grantsville Volunteer Fire Department	100,000	100,000		200,000
<i>Subtotal</i>	<i>\$150,000</i>	<i>\$150,000</i>	<i>\$0</i>	<i>\$300,000</i>
Harford				
Chesapeake Therapeutic Riding at Serenity Hill Farm		\$100,000		\$100,000
Habitat for Humanity Susquehanna		100,000		100,000
Jericho Road Stone Bank Barn	\$200,000	50,000		250,000
<i>Subtotal</i>	<i>\$200,000</i>	<i>\$250,000</i>	<i>\$0</i>	<i>\$450,000</i>
Howard				
Barnard Fort House	\$50,000			\$50,000
Carroll Baldwin Hall	100,000			100,000
Carrollton Hall Restoration		\$50,000		50,000
Community Action Council Early Childhood Education Center		50,000		50,000
Gateway Innovation Center	100,000	100,000		200,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Harriet Tubman Community Center and Museum	300,000			300,000
iHomes, Inc.		100,000		100,000
Linwood School		100,000		100,000
Subtotal	\$550,000	\$400,000	\$0	\$950,000
Kent				
Echo Hill Outdoor School		\$150,000		\$150,000
Kent School			\$142,000	142,000
Subtotal	\$0	\$150,000	\$142,000	\$292,000
Montgomery				
Black Hill SEED Classroom	\$250,000			\$250,000
Boys and Girls Clubs of Greater Washington	91,000			91,000
Brooke Grove Retirement Village	100,000			100,000
Centerway Local Park		\$250,000		250,000
Columbia Local Park			\$200,000	200,000
Cornerstone Montgomery		100,000		100,000
Dolores R. Miller Park		15,000		15,000
EveryMind Headquarters Building	75,000			75,000
Friends House Retirement Community	100,000			100,000
Guru Nanak Health Clinic		100,000		100,000
Ivymount School			125,000	125,000
Jewish Foundation for Group Homes		50,000	50,000	100,000
Josiah Henson Park			250,000	250,000
Manna Food Center	150,000			150,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Montgomery County Humane Society	150,000			150,000
Poolesville Grape Crushing Economic Development Facility			1,000,000	1,000,000
Round House Theatre			500,000	500,000
Sandy Spring Museum		50,000		50,000
Sunflower Bakery		75,000		75,000
Takoma Park Library		150,000		150,000
Woodend Nature Sanctuary Accessible Trail		250,000		250,000
YMCA Bethesda-Chevy Chase			300,000	300,000
Subtotal	\$916,000	\$1,040,000	\$2,425,000	\$4,381,000
Prince George's				
Allentown Splash, Tennis and Fitness Park	\$150,000			\$150,000
American Legion Southern Maryland District Youth Camp	250,000			250,000
Baden Library Relocation Project		\$250,000		250,000
Benjamin Tasker Middle School		25,000		25,000
Bishop McNamara High School			\$250,000	250,000
Bus Shelter Public Art Projects		50,000	100,000	150,000
Camp Springs Elks Lodge No. 2332		25,000		25,000
Champ House	50,000			50,000
College Park Woods Community Facility Redevelopment			200,000	200,000
Forest Heights Safe Route to School Project		125,000		125,000
Fraternal Order of Police Lodge 89	25,000			25,000
Greenbelt Consumer Cooperative			350,000	350,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Lake Arbor Capital Improvements		100,000	50,000	150,000
Landover Crossing Indoor Sport Facility			600,000	600,000
Laurel Advocacy and Referral Services (LARS) Facility Renovation	17,000			17,000
Laurel Multi Service Center	200,000	125,000		325,000
Morningside Volunteer Fire Department and Job Training Center	125,000	200,000		325,000
Mount Rainier Library	50,000			50,000
Prince George’s County Public Schools Electronic Signs		105,000		105,000
Sis’s Tavern	125,000			125,000
The Arc of Prince George’s County	250,000			250,000
University Park Town Hall		150,000	50,000	200,000
Upper Marlboro Welcome Center		175,000		175,000
VFW Free State Post 8950 Aquaculture Training Center		50,000	200,000	250,000
White Rose Foundation Service Center			250,000	250,000
Subtotal	\$1,242,000	\$1,380,000	\$2,050,000	\$4,672,000
Queen Anne’s				
Queen Anne’s County High Schools Synthetic Turf Fields		\$250,000		\$250,000
Subtotal	\$0	\$250,000	\$0	\$250,000

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Somerset				
Crisfield Customs House		\$60,000		\$60,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$60,000</i>	<i>\$0</i>	<i>\$60,000</i>
St. Mary's				
Three Notch Theater	\$100,000			\$100,000
<i>Subtotal</i>	<i>\$100,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$100,000</i>
Talbot				
American Legion Post 77		\$50,000		\$50,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$50,000</i>	<i>\$0</i>	<i>\$50,000</i>
Washington				
Boonsboro Parking Lot		\$25,000		\$25,000
Hagerstown Elks Lodge No. 378		23,000		23,000
Vietnam War Veterans Monument		30,000		30,000
YMCA of Hagerstown	\$100,000	50,000		150,000
<i>Subtotal</i>	<i>\$100,000</i>	<i>\$128,000</i>	<i>\$0</i>	<i>\$228,000</i>
Wicomico				
Fruitland Park		\$14,000		\$14,000
Salisbury Elks Lodge No. 817	\$95,000			95,000
Truitt Street Community Center	100,000			100,000
<i>Subtotal</i>	<i>\$195,000</i>	<i>\$14,000</i>	<i>\$0</i>	<i>\$209,000</i>

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>
Worcester				
Delmarva Discovery Center and Museum		\$26,000		\$26,000
<i>Subtotal</i>	<i>\$0</i>	<i>\$26,000</i>	<i>\$0</i>	<i>\$26,000</i>
Grand Total	\$7,500,000	\$7,500,000	\$19,116,000	\$34,116,000

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 \$271.5 million of general funds, \$428.0 million of special funds, and \$116.6 million of federal funds. Total transportation PAYGO funding is \$110.0 million of general funds and \$2.257 billion of special and federal funds.

Due to the State's strong fiscal 2020 cash position, the Spending Affordability Committee (SAC) recommended the prudent use of PAYGO general funds for fiscal 2020, particularly for programs and projects that would require the issuance of more expensive taxable bonds, to supplement the capital program while maintaining a limit on the growth in GO bond authorizations. The budget as introduced included \$118.0 million of PAYGO general funds, which was significantly above the \$48.2 million programmed in the 2018 *Capital Improvement Program* (CIP) for fiscal 2020. The fiscal 2020 budget passed by the General Assembly increased the amount of general fund support for the capital program to \$271.5 million principally by restricting the use of general funds budgeted in the State Reserve Fund, including \$127 million for public school construction and \$25 million for the Department of Housing and Community Development (DHCD) capital programs.

The actions of the General Assembly to increase the amount of PAYGO general funds are outlined below.

- **Public School Construction Enhancement:** The Governor's budget provided \$438 million to fund various components of public school construction programs, including the use of \$65 million of special funds from the Education Trust Fund (ETF). The General Assembly set a goal to fund public school construction at a level of \$500 million for fiscal 2020, but this did not include the use of the ETF, which was restricted to support funding priorities for The Blueprint for Maryland's Future under [*Senate Bill 1030*](#) (*passed*). The General Assembly instead restricted \$90 million in the Revenue Stabilization Account (Rainy Day Fund), an amount available above the SAC recommendation of a Rainy Day Fund balance of 6% of general fund revenues, and restricted \$37 million in the Dedicated Purpose Account (DPA) designated in the budget as introduced for retirement reinvestment contributions. A more detailed outline of the funding for public school construction can be found in the subpart "School Construction" within this section.
- **Housing and Community Development:** As introduced, the budget provided \$23 million in PAYGO general funds for capital programs administered by DHCD. The General Assembly increased this amount by \$25 million consistent with the SAC recommendation to prudently use general funds for programs that, if funded with GO bonds, would require the issuance of taxable bonds. This included restricting \$13 million in the DPA that was designated for retirement reinvestment contributions to

instead be used to fund the DHCD Strategic Demolition and Smart Growth Impact Fund and restricting \$12 million in DPA for Washington Metropolitan Area Transit Authority contributions to instead be used to fund the DHCD Rental Housing Programs. These actions also created capacity in the GO bond portion of the capital program to fund other legislative priorities in the MCCBL of 2019.

Debt Affordability

In its 2019 report, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of \$995 million in GO bonds may be authorized in the 2019 session and for each year in the five-year planning period included in the annual CIP. The recommendation, the same recommendation made by the committee in its three previous annual reports, was intended to slow the growth in debt service costs and provide additional debt capacity in the out-years.

The CDAC recommendation is advisory, and 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 remained concerned that the CDAC recommendation to freeze the authorization level through the planning period would reduce the purchasing power of the capital program by not accounting for the impact of construction inflation. In recommending a new GO bond authorization level of \$1.085 billion for the 2019 session, SAC continued to adhere to the recommendation that it made in each of its three previous annual reports, which provided for new GO bond authorizations to increase by 1% annually using the fiscal 2016 level of \$1.045 billion as the starting point. The SAC recommended level moderates GO bond authorizations to the projected increase in State property tax revenue that in recent years has increased at an average annual rate of 2.0%, thereby reducing the ratio of debt service to revenue in the out-years while also allowing authorizations to increase slightly.

Although the Governor's past three proposed capital budgets adhered to the CDAC recommendation of limiting new GO bond authorizations to \$995 million, the 2019 session capital budget proposed by the Governor set the limit at \$1.085 billion consistent with the SAC recommendation. The Governor's five-year CIP also adheres to the SAC recommendation to increase annual new GO authorizations by 1% to account for construction inflation. The MCCBL of 2019 passed by the General Assembly totals \$1.085 billion of net new GO debt authorizations, which is the amount introduced by the Governor and recommended by SAC. An additional \$7.2 million in GO bonds from prior years are deauthorized in the MCCBL of 2019, thereby increasing the amount of new GO debt to \$1.092 billion.

The State's capital program for fiscal 2020 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- ***House Bill 1357 (passed)*** 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.

- The MCCBL of 2019 includes \$342.2 million of GO bond authorizations that will not take effect until fiscal 2021, \$102.6 million that will not take effect until fiscal 2022, and \$16.6 million for fiscal 2023. Many of these preauthorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2020 to proceed without the full amount of the construction authorization provided in the fiscal 2020 budget. Some preauthorizations 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-2.5** shows the preauthorizations for fiscal 2021 to 2023 included in the MCCBL of 2019.

Exhibit A-2.5
Preauthorizations Included in the Maryland Consolidated
Capital Bond Loan of 2019
Fiscal 2021-2023

<u>Project Title</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
DMIL: Havre de Grace CSMS Automotive and Surface Equipment Maintenance Facility	\$4,784,000	\$4,784,000	
DoIT: Public Safety Communication System	8,000,000		
DPSCS: Jessup Region Electrical Infrastructure Upgrade	6,460,000		
DPSCS: Hot Water and Steam System Improvements	9,211,000	8,459,000	\$8,459,000
DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	5,101,000		
UMCP: School of Public Policy Building	2,500,000		
UMES: School of Pharmacy and Health Professions	45,735,000	23,600,000	
USMO: Southern Maryland Regional Higher Education Center	62,202,000	3,229,000	
BCCC: Liberty Campus Loop Road and Entrance Improvements	4,749,000		
SMCM: Academic Building and Auditorium	28,200,000	17,033,000	
MHEC: Community College Construction Grant Program	60,260,000	31,154,000	8,188,000
MSU: New Student Services Support Building	4,761,000		
MES: Infrastructure Improvement Fund	7,732,000	1,284,000	
MISC: Garrett College – Community Education and Performing Arts Center	5,500,000		
HSMCC: Maryland Heritage Interpretive Center	7,500,000	7,500,000	
DNR: Coastal Resiliency Program	3,000,000		

<u>Project Title</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
DPSCS: Housing Unit Windows and Steam Heating System	5,000,000		
UMCP: Chemistry Building Wing I	5,000,000		
UMBC: Utility Upgrade and Site Improvements	6,440,000	5,525,000	
MSU: Morgan State University Convocation Center	5,000,000		
DSP: New Cumberland Barrack and Garage	1,866,000		
MISC: The League for People with Disabilities – Facility Upgrade	4,500,000		
MISC: Round House Theatre	1,500,000		
MISC: Olney Theatre	2,000,000		
MISC: Merriweather Post Pavilion	2,000,000		
MISC: Prince George’s County Public High School Athletic Facilities	3,000,000		
MISC: JHU New Medical Research Building Children’s Medical and Surgical Center and North Tower Annex	12,000,000		
MISC: Maryland Science Center	1,500,000		
MISC: Prince George’s County Amphitheatre	14,000,000		
MISC: Downtown Frederick Hotel and Conference Center Public Amenities	2,500,000		
MISC: Bay Sox Stadium	1,000,000		
MISC: Sheppard Pratt at Elkridge	2,000,000		
MISC: Ripken Stadium	700,000		
MISC: MedStar Franklin Hospital	3,500,000		
MISC: Sinai Hospital of Baltimore	1,000,000		
MISC: City of Gaithersburg – New Police Station	1,000,000		
MISC: Port Discovery	1,000,000		
Total	\$342,201,000	\$102,568,000	\$16,647,000

BCCC: Baltimore City Community College
 CSMS: Combined Support Maintenance Shop
 DoIT: Department of Information Technology
 DMIL: Military Department
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 HSMCC: Historic St. Mary’s City Commission
 JHU: Johns Hopkins University

MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MISC: miscellaneous
 MSU: Morgan State University
 SMCM: St. Mary’s College of Maryland
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park Campus
 UMES: University of Maryland Eastern Shore
 USMO: University System of Maryland Office

Higher Education

The State-funded portion of the fiscal 2020 capital program for all segments of higher education is \$341.0 million, including both GO bonds and ARBs. Of the total funding, public four-year institutions, including regional higher education centers, receive \$236.5 million, or 69.4%, of funding; and independent institutions receive \$17.6 million, or 5.2%, of funding. Community colleges receive \$86.9 million in fiscal 2020 GO bonds or 25.4% of higher education funding. This includes \$1.0 million of recycled GO bond funds leftover from prior local community college projects and \$3.8 million for the facilities renewal grant program established by Chapter 687 of 2018. Community college funding is also matched by \$50 million in local support in fiscal 2020. **Exhibit A-2.6** shows the fiscal 2020 capital funding by institution.

Exhibit A-2.6
Fiscal 2020 Higher Education Capital Funding by Institution
(\$ in Thousands)

<u>Institution</u>	<u>Capital Funding</u>
University of Maryland, Baltimore Campus	\$13,159
University of Maryland, College Park Campus	21,104
Bowie State University	6,500
Towson University	73,491
University of Maryland Eastern Shore	11,023
Frostburg State University	6,200
University of Maryland Baltimore County	5,522
USM – Facility Renewal	28,646
USM – Southern Maryland Higher Education Center	11,953
Morgan State University	41,963
St. Mary’s College of Maryland	16,971
Independent Institutions	17,600
Community Colleges	86,879
Total	\$341,011

USM: University System of Maryland

Note: Includes general obligation bonds, academic revenue bonds, and bond premiums. Does not include the community college facility grant fund balance of \$1.0 million.

School Construction

The fiscal 2020 capital and operating budgets provide a total of \$500.6 million for school construction, an increase of \$62.5 million above the Governor’s proposed plan. This includes \$326.1 million in GO bonds and \$167.0 million in PAYGO funds for public school construction as well as \$4.0 million in GO bonds and \$3.5 million in PAYGO funds for nonpublic school construction. **Exhibit A-2.7** illustrates the difference between the Governor’s school construction budget plan and that of the General Assembly.

Exhibit A-2.7 Comparison of Governor and General Assembly Fiscal 2020 School Construction Funding Plans (\$ in Millions)

	<u>Governor’s Allowance</u>	<u>Legislative Appropriation</u>	<u>Difference</u>
General Funds			
Healthy School Facility Fund	\$30.0	\$30.0	\$0.0
Public School Safety Improvements	10.0	10.0	0.0
Nonpublic School Safety Improvements	3.5	3.5	0.0
Public School Construction Program – Revenue Stabilization Account ¹	0.0	90.0	90.0
Public School Construction Program – Dedicated Purpose Account ²	0.0	37.0	37.0
Subtotal	\$43.5	\$170.5	\$127.0
Special Funds			
Building Opportunity Fund – Education Trust Fund	\$45.0	\$0.0	-\$45.0
Local Share of School Construction Costs Revolving Loan Fund	20.0	0.0	-20.0
Subtotal	\$65.0	\$0.0	-\$65.0
General Obligation Bonds			
Public School Construction Program	\$280.0	\$251.8	-\$28.2
Supplemental Capital Grant Program	40.0	68.2	28.2
Aging Schools Program	6.1	6.1	0.0
Nonpublic Aging Schools Program	3.5	4.0	0.5
Subtotal	\$329.6	\$330.1	\$0.5
Total	\$438.1	\$500.6	\$62.5

¹ The release of these funds by budget amendment are at the discretion of the Governor.

² The release of these funds by budget amendment are at the discretion of the Governor. Language restricts \$9.3 million of these funds to forward funded projects that can only be reimbursed with pay-as-you-go funding.

Public School Construction and Supplemental Capital Grant Programs

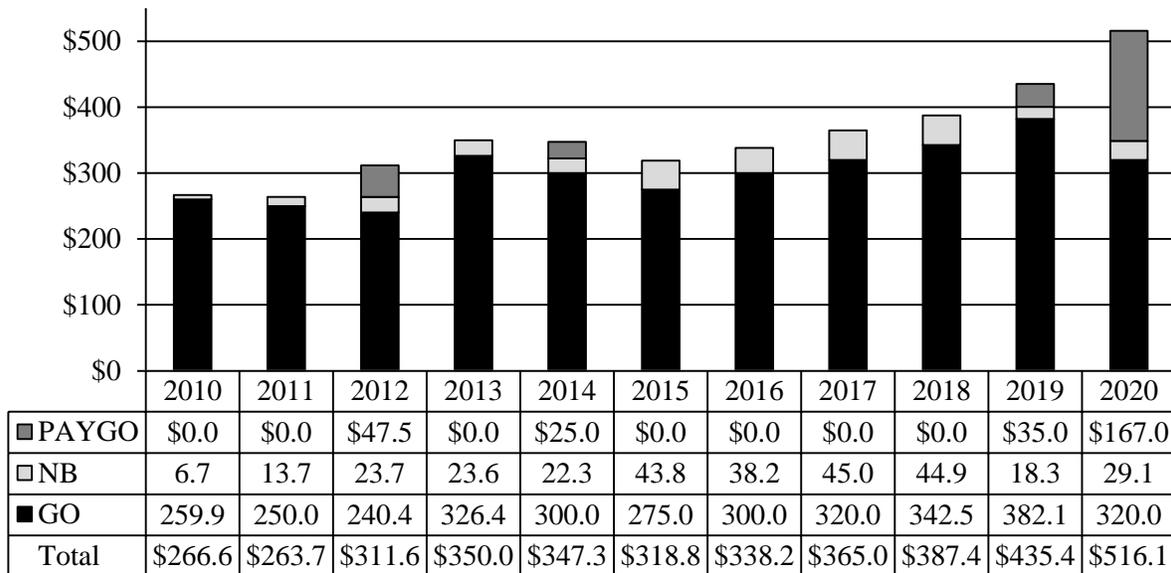
As introduced, the Governor's fiscal 2020 capital budget included \$280.0 million in GO bond funding for the general Public School Construction program and \$40.0 million in mandated funding for the Supplemental Capital Grant Program for local school systems with Enrollment Growth or Relocatable Classrooms (EGRC), for a total of \$320.0 million. The General Assembly subsequently decreased the GO bond funding for the general Public School Construction program by \$28.2 million and increased the appropriation for EGRC by an equivalent amount, to a total of \$68.2 million. While Title 5, Subtitle 3 of the Education Article establishes a funding formula for the counties eligible for EGRC, 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 2019. The \$68.2 million authorized for eligible counties under the EGRC program is allocated as follows: \$7.9 million to Anne Arundel County; \$10.9 million to Baltimore County; \$5.4 million to Howard County; \$25.9 million to Montgomery County; and \$18.1 million to Prince George's County.

The Governor's proposed fiscal 2020 operating budget as introduced included \$65.0 million in PAYGO funding paid from the Education Trust Fund lock box. This included \$45.0 million for the Governor's proposed Building Opportunity Fund under *Senate Bill 159/House Bill 153 (both failed)*, and \$20.0 million for a Revolving Loan Fund for public school construction costs established by Chapter 14 of 2018. The General Assembly restricted all of this ETF lock box funding for operating initiatives under *Senate Bill 1030*. The General Assembly instead restricted \$90.0 million in PAYGO funding for public school construction from the Revenue Stabilization Account, and \$37.0 million from the DPA of which \$9.3 million is restricted to reimburse counties that forward funded the State's share of eligible public school construction and cannot be reimbursed with GO bonds.

An additional \$29.1 million in unexpended funds from prior years was reported as available for public school construction from the Statewide Contingency Fund as of December 31, 2018, \$24.0 million of which is reserved for specific local school systems.

As shown in **Exhibit A-2.8**, when accounting for GO bond funding from the general Public School Construction Program, restricted PAYGO funds, and recycled contingency funds, \$516.1 million is available for public school construction in fiscal 2020.

Exhibit A-2.8
State Funding for Public School Construction
Fiscal 2010-2020
(\$ in Millions)



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

Note: Fiscal 2019 PAYGO allocation includes \$25.0 million in bond premiums. Fiscal 2020 PAYGO funding includes \$90.0 million in the Revenue Stabilization Account and \$37.0 million in the Dedicated Purpose Account that is contingent upon release by the Governor. Amounts do not include funding for the 21st Century Schools Program for public school construction in Baltimore City.

Source: Public School Construction Program *Capital Improvement Programs*, Fiscal 2010-2020; Department of Legislative Services

Aging Schools

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. Additionally, the capital budget bill includes language that extends the termination date of unencumbered Aging Schools funds as authorized in the 2012 session, making them available through fiscal 2021.

Healthy School Facility Fund

Chapter 561 of 2018 established the Healthy School Facility Fund within the Interagency Committee on School Construction to provide grants to public schools to improve the health of school facilities, largely in response to January 2018 school closures for cold weather in Baltimore City. The operating budget provides the required \$30.0 million in PAYGO funds. However, as introduced, the appropriation included language that specified that \$2.6 million was to only be used for projects at public charter schools. The General Assembly struck this language, since public charter schools located in facilities that are owned by a local school system or a public-private partnership lease-leaseback arrangement are eligible to receive public school construction funding.

School Safety Improvements

The capital budget includes \$10.0 million in PAYGO general funds for public school safety improvements. Additionally, the operating budget includes \$3.5 million in PAYGO general funds for safety improvements in nonpublic schools to which the General Assembly added language specifying which nonpublic schools are eligible to receive funds and in which amounts.

James E. “Ed” DeGrange Nonpublic Aging Schools Program

The James E. “Ed” DeGrange Nonpublic Aging Schools (DeGrange) Program provides funds to nonpublic schools for improvements, repairs, school security improvements, and deferred maintenance in nonpublic school buildings. The General Assembly increased the GO bond appropriation for the DeGrange Program by \$0.5 million, providing a total of \$4.0 million in fiscal 2020. Additionally, the General Assembly added language to the DeGrange Program to (1) allow nonpublic schools serving students with disabilities through the Nonpublic Placement Program to receive funds; (2) require that funds be spent within three years after which they become available for the public school construction program; and (3) specify that approximately \$1.0 million in funding be provided to specific nonpublic schools.

Fiscal 2020 Transfer Tax Repayment

Chapter 10 requires the repayment of \$242.2 million in past redirected transfer tax funds by fiscal 2029 of which \$189.6 million would support capital programs. As introduced, the fiscal 2020 budget provided \$46.4 million for the repayment plan, including \$43.9 million in the DPA and another \$2.5 million directly in the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) budget under the Maryland Department of Agriculture. The budget as passed appropriates the \$2.5 million to MARBIDCO and fully funds the \$43.9 million of repayment from the DPA. However, as shown in **Exhibit A-2.9**, the General Assembly adopted a modified allocation that, in addition to programming more funds for the Department of Natural Resources critical maintenance and natural resources development projects, uses \$10.9 million to support capital projects that would otherwise require the use of GO bonds. This includes \$5.0 million for the Rural Legacy Program, \$1.0 million for Historic

St. Mary’s Commission facilities renewal, and \$3.9 million for the Jefferson Patterson Park and Museum – Patterson Center Renovations project within the Natural Resources Development Fund appropriation. In addition, \$999,000 is repurposed from the Maryland Agricultural Land Preservation Foundation in order to fund Southern Maryland Agricultural Land Preservation.

Exhibit A-2.9
Transfer Tax Repayment – Dedicated Purpose Account
Fiscal 2020

	<u>Allowance</u>	<u>Legislative Appropriation</u>	<u>Difference</u>	<u>GO Bond Relief</u>
DNR – Forest and Park Service	\$5,499,612	\$3,999,576	-\$1,500,036	\$0
DNR – Engineering and Construction	190,888	190,888	0	0
DNR – Land Acquisition and Planning				
Program Open Space – State Share	11,445,838	0	-11,445,838	0
Program Open Space – Local Share	8,535,752	8,535,752	0	0
Rural Legacy Program	1,893,048	6,893,048	5,000,000	5,000,000
Natural Resources Development Fund	3,000,000	3,625,036	625,036	0
Historic St. Mary’s City Commission Facilities Renewal	0	1,000,000	1,000,000	1,000,000
Jefferson Patterson Park and Museum – Patterson Center Renovations	0	3,875,000	3,875,000	3,875,000
Critical Maintenance Program	6,840,520	9,286,358	2,445,838	0
MDA – Agricultural Land Preservation				
Maryland Agricultural Land Preservation Foundation	6,455,292	5,456,292	-999,000	0
Southern Maryland Agricultural Land Preservation	0	999,000	999,000	999,000
Total	\$43,860,950	\$43,860,950	\$0	\$10,874,000

DNR: Department of Natural Resources

GO: general obligation

MDA: Maryland Department of Agriculture

Note: The Natural Resources Development Fund funding is \$8,500,036 of which \$1,000,000 is allocated to Historic St. Mary’s Commission and \$3,875,000 to Jefferson Patterson Park and Museum for the Patterson Center Renovations project, which are shown as separate line items for the purposes of this exhibit. The Maryland Agricultural Land Preservation Foundation funding is \$6,455,292 of which \$999,000 is allocated to Southern Maryland Agricultural Land Preservation, which is shown as a separate line item for the purposes of this exhibit.

Source: Department of Legislative Services

Transfer Tax Funded Programs

Exhibit A-2.10 shows the fiscal 2020 allocation of funding for capital programs funded with transfer tax revenue. Program funding is distinguished between the distribution of fiscal 2020 estimated transfer tax revenue through the formula and the allocation of general funds in the DPA for the transfer tax repayment outlined above. In addition, Exhibit A-2.10 reflects special funds derived from the county participation component of the Maryland Agricultural Land Preservation Foundation funding and federal funds budgeted for the State Share of POS and the Natural Resources Development Fund.

Exhibit A-2.10 Transfer Tax Funded Programs Fiscal 2020 Legislative Appropriation (\$ in Thousands)

	<u>Transfer Tax Regular Special Funds</u>	<u>Transfer Tax Repayment General Funds</u>	<u>Other Special Funds</u>	<u>Federal</u>	<u>Total</u>
Department of Natural Resources					
Program Open Space					
State ¹	43,221	\$0	\$0	\$3,000	\$46,221
Local	48,032	8,536	0	0	56,567
Capital Development ²	20,441	17,786	0	1,350	39,577
Rural Legacy Program	18,852	6,893	0	0	25,745
Heritage Conservation Fund	3,907	0	0	0	3,907
Department of Agriculture					
Agricultural Land Preservation ³	36,516	6,455	8,500	0	51,471
Total	\$170,968	\$39,670	\$8,500	\$4,350	\$223,489

¹ The Baltimore City Direct Grant of \$6.0 million comes out of the \$43.2 million in transfer tax special funds for Program Open Space (POS) – State. The Baltimore City Direct Grant allocation for fiscal 2020 is as follows: \$4,735,000 for projects that meet park purposes; \$500,000 for Ambrose Kennedy Park; \$250,000 for Garrett Park; \$150,000 for the creation of a park for the Rachel Wilson Memorial for Fallen Firefighters; \$250,000 for Cylburn Arboretum; \$50,000 for Warwick Park; \$50,000 for Bond Street Park; and \$15,000 for Johnston Square Greenspace. The \$3.0 million in federal funds reflected for POS – State could also be used by POS – Local.

² The Capital Development funding is allocated among the Natural Resources Development Fund, Critical Maintenance Program, and Ocean City Beach Maintenance. The Natural Resources Development Fund funding is \$15,281,533 in transfer tax special funds, \$8,500,036 in general funds, and \$1,350,000 in federal funds. Of the \$8,500,036 in general funds, \$1,000,000 is allocated to the Historic St. Mary's City Commission and \$3,875,000 to Jefferson Patterson Park and Museum for the Patterson Center Renovations project. The Critical Maintenance Program allocation is \$4,159,480 in transfer tax special funds and \$9,286,358 in general funds. The Ocean City Beach Maintenance allocation is \$1,000,000 in transfer tax special funds.

³ The Agricultural Land Preservation funding reflects \$6,455,292 in general fund transfer tax repayment of which \$999,000 is allocated for Southern Maryland Agricultural Land Preservation and \$8,500,000 in county participation special funds.

Source: Department of Legislative Services

State Aid to Local Governments

Overview

State aid to local governments will total \$8.2 billion in fiscal 2020, representing a \$527.9 million, or 6.9%, increase over fiscal 2019. Direct aid will increase by \$490.4 million, and State funding for retirement payments will increase by \$37.6 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 2019 and 2020.

Exhibit A-3.1 State Aid to Local Governments (\$ in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$5,801.6	\$6,236.0	\$434.4	7.5%
Libraries	60.3	62.3	2.0	3.3%
Community Colleges	278.3	286.1	7.7	2.8%
Local Health	52.7	55.4	2.7	5.1%
County/Municipal	669.4	712.9	43.5	6.5%
<i>Subtotal – Direct Aid</i>	<i>\$6,862.3</i>	<i>\$7,352.7</i>	<i>\$490.4</i>	<i>7.1%</i>
Retirement Payments	\$797.6	\$835.2	\$37.6	4.7%
Total	\$7,659.9	\$8,187.8	\$527.9	6.9%

Source: Department of Legislative Services

Enhancements

Exhibit A-3.2 shows the local impact in fiscal 2020 of discretionary enhancements to State aid, resulting in a gain for local governments of \$269.7 million. As noted, disbursement of \$263.1 million of the enhanced funding authorized by the General Assembly is at the discretion of the Governor.

Exhibit A-3.2
Discretionary Enhancements to State Aid Programs
Fiscal 2020
(\$ in Millions)

Kirwan Commission – The Blueprint for Maryland’s Future	
Teacher Salary Incentives ¹	\$75.0
Special Education ¹	65.5
Concentration of Poverty Grants ¹	54.5
Supplemental Prekindergarten Grants ¹	31.7
Transitional Supplemental Instruction ¹	23.0
Mental Health Service Coordinators ¹	2.0
Total Enhancements	\$251.6
Public Safety Initiatives	
Baltimore City Police Department – Technology Improvements ¹	\$7.0
Baltimore City Safe Streets Program	3.6
Rape Kit Testing Grant Fund ¹	3.5
Police Recruitment and Retention	3.0
Pretrial Services ¹	0.8
State’s Attorney’s Offices ¹	0.3
Total Enhancements	\$18.1
Total Local Impact	\$269.7

¹ Reflects funding by the General Assembly in the fiscal 2020 budget; however, funding is at the discretion of the Governor.

Education Enhancements

Senate Bill 1030 (passed), The Blueprint for Maryland’s Future, enhances State aid to local school systems by \$251.6 million in fiscal 2020, consistent with recommendations of the Commission on Innovation and Excellence in Education (Kirwan Commission). This includes \$75.0 million in incentive grants for increased teacher salaries, \$54.5 million directed to schools serving a student population of 80% or more who are from low-income families, \$23.0 million for transitional supplemental instruction for struggling learners in kindergarten through grade 3, and \$2.0 million to provide each local school system with \$83,300 to fund the mental health services coordinator that must be appointed, pursuant to the Maryland Safe to Learn Act (Chapter 30) of 2018. Fiscal 2020 State aid increases under *Senate Bill 1030* also include the equivalent of a \$65.5 million enhancement to special education formula funding and \$31.7 million resulting from an expansion of eligibility within the existing prekindergarten supplemental grant program. While

provisions in the annual State operating budget, *House Bill 100 (passed)*, and in the Budget Reconciliation and Financing Act (BRFA), *House Bill 1407 (Ch. 16)*, restrict and direct sufficient amounts to cover the \$251.6 million increase, funding of these fiscal 2020 enhancements is at the discretion of the Governor.

Senate Bill 1030 also mandates a total of approximately \$294 million in State aid for fiscal 2021, including funding for each of the programs mentioned above, and funding to extend declining enrollment grants that had been set to expire in fiscal 2020 into fiscal 2021. Further, it is assumed that the great majority of the \$58.0 million in fiscal 2021 that must be appropriated to The Blueprint for Maryland’s Future Fund, as well as the great majority of between \$370 million and \$500 million made available for fiscal 2022, will be expended by the State in the form of aid to local school systems.

Public Safety Enhancements

The fiscal 2020 budget includes several public safety enhancements, including \$7.0 million for the Baltimore City Police Department for technology improvements and \$3.6 million for Baltimore City Safe Streets. An additional \$3.0 million is included for police recruitment and retention as well as \$750,000 for the Pretrial Services Grant Fund established by Chapter 771 of 2018 and \$125,000 in additional funding for each of the Baltimore City and Prince George’s County State’s Attorney’s Offices Also, *Senate Bill 569/House Bill 1268 (both passed)* establish a Rape Kit Testing Grant Fund to provide law enforcement agencies with funding for the testing of sexual assault evidence collection kits by forensic laboratories, of which \$3.5 million is included in the fiscal 2020 budget.

Changes by Program

Direct State aid for Baltimore City and all counties in Maryland increases in fiscal 2020, and State aid for retirement increases for all but one county (Kent County decreases by 0.2%). **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 2019 and 2020 by program. A more detailed discussion of the changes in State aid in fiscal 2020 follows the exhibits.

Exhibit A-3.3
State Aid to Local Governments
Fiscal 2020 Legislative Appropriation
(\$ in Thousands)

County	County – Municipal	Community Colleges	<i>Direct State Aid</i>				Subtotal	Retirement	Total	Change Over FY 2019	Percent Change
			Public Schools	Libraries	Health						
Allegheny	\$15,482	\$6,597	\$88,795	\$840	\$1,877	\$113,593	\$8,750	\$122,342	\$5,987	5.1%	
Anne Arundel	46,696	31,814	397,618	2,432	4,487	483,046	70,459	553,505	34,982	6.7%	
Baltimore City	297,068	0	910,222	9,501	8,593	1,225,385	64,659	1,290,044	75,588	6.2%	
Baltimore	26,930	45,552	725,374	6,407	5,668	809,930	101,607	911,537	55,792	6.5%	
Calvert	5,809	2,812	91,123	515	767	101,026	14,621	115,648	10,166	9.6%	
Caroline	6,200	1,791	64,518	334	892	73,735	5,094	78,829	9,445	13.6%	
Carroll	6,814	9,169	139,691	1,069	1,933	158,676	22,056	180,732	9,374	5.5%	
Cecil	9,820	6,833	112,190	867	1,317	131,026	14,380	145,407	5,848	4.2%	
Charles	4,694	9,386	199,508	1,163	1,718	216,469	23,494	239,963	16,945	7.6%	
Dorchester	5,005	1,204	50,221	309	878	57,617	4,138	61,754	6,758	12.3%	
Frederick	10,487	12,369	267,250	1,563	2,391	294,062	35,876	329,938	23,429	7.6%	
Garrett	4,952	4,127	25,098	169	846	35,191	3,549	38,740	3,414	9.7%	
Harford	8,399	12,670	226,681	1,749	2,639	252,137	32,037	284,174	17,939	6.7%	
Howard	8,724	21,801	282,071	1,028	1,971	315,595	65,027	380,622	30,558	8.7%	
Kent	1,406	556	10,474	105	742	13,282	1,871	15,153	598	4.1%	
Montgomery	33,195	52,480	765,236	3,388	4,148	858,448	177,104	1,035,552	62,908	6.5%	
Prince George's	110,235	33,924	1,219,722	7,628	6,666	1,378,175	122,819	1,500,994	92,541	6.6%	
Queen Anne's	2,332	2,182	38,442	192	695	43,843	6,538	50,381	3,085	6.5%	
St. Mary's	3,431	3,320	114,788	807	1,193	123,539	14,405	137,943	8,646	6.7%	
Somerset	7,394	911	36,242	314	702	45,562	3,048	48,610	4,426	10.0%	
Talbot	2,955	1,827	15,631	119	642	21,173	3,833	25,007	1,701	7.3%	
Washington	8,405	10,045	195,182	1,417	2,121	217,171	18,908	236,079	18,226	8.4%	
Wicomico	16,419	5,909	162,100	1,132	1,535	187,095	13,401	200,496	16,389	8.9%	
Worcester	8,040	2,412	21,084	165	961	32,662	7,512	40,173	2,299	6.1%	
Unallocated	61,985	6,375	76,760	19,097	0	164,217	0	164,217	10,870	7.1%	
Total	\$712,877	\$286,066	\$6,236,020	\$62,308	\$55,385	\$7,352,654	\$835,188	\$8,187,842	\$527,914	6.9%	

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 2019 Working Appropriation
(\$ in Thousands)**

County	<i>Direct State Aid</i>						Retirement	Total
	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegheny	\$15,036	\$6,782	\$83,488	\$817	\$1,745	\$107,868	\$8,487	\$116,355
Anne Arundel	45,906	31,277	366,675	2,350	4,309	450,518	68,006	518,524
Baltimore City	276,967	0	855,278	9,378	8,367	1,149,989	64,468	1,214,457
Baltimore	26,496	44,110	676,755	6,210	5,519	759,090	96,656	855,746
Calvert	5,595	2,849	82,055	482	711	91,692	13,790	105,482
Caroline	4,833	1,689	56,826	317	831	64,495	4,889	69,384
Carroll	6,216	9,164	132,403	1,032	1,799	150,614	20,744	171,358
Cecil	9,007	6,813	107,892	840	1,215	125,766	13,792	139,558
Charles	4,421	9,259	183,779	1,107	1,597	200,163	22,856	223,018
Dorchester	4,757	1,307	43,902	296	808	51,070	3,926	54,996
Frederick	9,386	11,393	248,855	1,493	2,246	273,374	33,135	306,509
Garrett	4,777	4,030	22,095	163	776	31,841	3,484	35,326
Harford	7,886	12,577	211,482	1,672	2,477	236,094	30,142	266,236
Howard	8,498	20,832	257,184	983	1,848	289,345	60,719	350,064
Kent	1,305	554	10,056	103	663	12,680	1,875	14,555
Montgomery	31,272	51,668	712,289	3,236	4,039	802,504	170,140	972,644
Prince George’s	105,887	31,882	1,140,518	7,477	6,478	1,292,242	116,211	1,408,452
Queen Anne’s	2,186	2,167	35,823	175	640	40,991	6,305	47,296
St. Mary’s	3,297	3,155	107,250	772	1,131	115,606	13,690	129,297
Somerset	7,055	841	32,536	303	637	41,372	2,813	44,184
Talbot	2,695	1,859	14,293	116	601	19,564	3,742	23,306
Washington	7,797	9,564	179,260	1,361	1,965	199,946	17,906	217,853
Wicomico	15,242	5,663	147,947	1,091	1,422	171,365	12,742	184,107
Worcester	7,595	2,446	19,683	159	876	30,759	7,115	37,874
Unallocated	55,256	6,439	73,272	18,380	0	153,346	0	153,346
Total	\$669,367	\$278,322	\$5,801,594	\$60,313	\$52,699	\$6,862,295	\$797,633	\$7,659,928

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 2020 Legislative Appropriation and Fiscal 2019 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>					Subtotal	Retirement	Total
	County – Municipal	Community Colleges	Public Schools	Libraries	Health			
Allegany	\$446	-\$185	\$5,307	\$23	\$133	\$5,725	\$262	\$5,987
Anne Arundel	789	536	30,943	82	178	32,528	2,453	34,982
Baltimore City	20,102	0	54,945	123	227	75,396	191	75,588
Baltimore	434	1,441	48,619	197	150	50,841	4,951	55,792
Calvert	214	-36	9,067	34	56	9,334	832	10,166
Caroline	1,367	102	7,692	17	61	9,240	206	9,445
Carroll	599	6	7,288	36	134	8,062	1,312	9,374
Cecil	813	19	4,298	27	102	5,260	588	5,848
Charles	274	127	15,728	56	121	16,306	638	16,945
Dorchester	249	-103	6,319	12	70	6,547	211	6,758
Frederick	1,100	976	18,395	70	145	20,688	2,741	23,429
Garrett	175	96	3,003	5	70	3,350	64	3,414
Harford	512	93	15,200	77	162	16,043	1,895	17,939
Howard	226	970	24,886	44	124	26,250	4,308	30,558
Kent	101	2	418	2	79	602	-4	598
Montgomery	1,922	812	52,947	152	109	55,943	6,965	62,908
Prince George's	4,348	2,042	79,204	151	188	85,933	6,608	92,541
Queen Anne's	146	15	2,619	16	56	2,852	233	3,085
St. Mary's	133	164	7,538	34	62	7,932	714	8,646
Somerset	339	70	3,706	11	64	4,190	235	4,426
Talbot	260	-33	1,339	3	40	1,609	91	1,701
Washington	608	481	15,922	56	156	17,224	1,002	18,226
Wicomico	1,177	246	14,153	41	113	15,729	660	16,389
Worcester	445	-34	1,401	6	85	1,903	396	2,299
Unallocated	6,729	-63	3,488	717	0	10,870	0	10,870
Total	\$43,510	\$7,744	\$434,425	\$1,995	\$2,686	\$490,359	\$37,554	\$527,914

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 2020 Legislative Appropriation over Fiscal 2019 Working Appropriation**

County	<i>Direct State Aid</i>						Retirement	Total
	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegheny	3.0%	-2.7%	6.4%	2.9%	7.6%	5.3%	3.1%	5.1%
Anne Arundel	1.7%	1.7%	8.4%	3.5%	4.1%	7.2%	3.6%	6.7%
Baltimore City	7.3%	n/a	6.4%	1.3%	2.7%	6.6%	0.3%	6.2%
Baltimore	1.6%	3.3%	7.2%	3.2%	2.7%	6.7%	5.1%	6.5%
Calvert	3.8%	-1.3%	11.1%	7.0%	7.9%	10.2%	6.0%	9.6%
Caroline	28.3%	6.0%	13.5%	5.4%	7.3%	14.3%	4.2%	13.6%
Carroll	9.6%	0.1%	5.5%	3.5%	7.4%	5.4%	6.3%	5.5%
Cecil	9.0%	0.3%	4.0%	3.2%	8.4%	4.2%	4.3%	4.2%
Charles	6.2%	1.4%	8.6%	5.1%	7.6%	8.1%	2.8%	7.6%
Dorchester	5.2%	-7.9%	14.4%	4.2%	8.7%	12.8%	5.4%	12.3%
Frederick	11.7%	8.6%	7.4%	4.7%	6.5%	7.6%	8.3%	7.6%
Garrett	3.7%	2.4%	13.6%	3.3%	9.1%	10.5%	1.8%	9.7%
Harford	6.5%	0.7%	7.2%	4.6%	6.5%	6.8%	6.3%	6.7%
Howard	2.7%	4.7%	9.7%	4.5%	6.7%	9.1%	7.1%	8.7%
Kent	7.8%	0.3%	4.2%	2.3%	11.9%	4.7%	-0.2%	4.1%
Montgomery	6.1%	1.6%	7.4%	4.7%	2.7%	7.0%	4.1%	6.5%
Prince George's	4.1%	6.4%	6.9%	2.0%	2.9%	6.6%	5.7%	6.6%
Queen Anne's	6.7%	0.7%	7.3%	9.4%	8.7%	7.0%	3.7%	6.5%
St. Mary's	4.0%	5.2%	7.0%	4.4%	5.5%	6.9%	5.2%	6.7%
Somerset	4.8%	8.3%	11.4%	3.7%	10.1%	10.1%	8.4%	10.0%
Talbot	9.6%	-1.8%	9.4%	2.7%	6.7%	8.2%	2.4%	7.3%
Washington	7.8%	5.0%	8.9%	4.1%	7.9%	8.6%	5.6%	8.4%
Wicomico	7.7%	4.3%	9.6%	3.7%	7.9%	9.2%	5.2%	8.9%
Worcester	5.9%	-1.4%	7.1%	3.7%	9.7%	6.2%	5.6%	6.1%
Unallocated	12.2%	-1.0%	4.8%	3.9%	n/a	7.1%	n/a	7.1%
Total	6.5%	2.8%	7.5%	3.3%	5.1%	7.1%	4.7%	6.9%

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 2019</u>	<u>FY 2020</u>	<u>Difference</u>
Foundation Aid	\$3,056,189,470	\$3,140,366,550	\$84,177,080
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index	141,573,510	145,450,405	3,876,895
Net Taxable Income Education Grant	62,523,818	65,300,825	2,777,007
Tax Increment Financing Education Grants	535,131	3,250,573	2,715,442
Foundation – Special Grants	12,955,565	12,237,088	-718,477
Declining Enrollment Education Grants	18,663,687	18,889,783	226,096
Compensatory Education	1,308,336,290	1,330,428,825	22,092,535
Student Transportation – Regular	256,452,211	275,737,654	19,285,443
Student Transportation – Special Education	26,133,000	27,307,000	1,174,000
Special Education – Formula	290,812,794	303,250,297	12,437,503
Special Education – Nonpublic Placements	123,500,002	121,470,000	-2,030,002
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	288,041,382	311,079,529	23,038,147
Guaranteed Tax Base	48,169,682	43,684,957	-4,484,725
Prekindergarten Expansion Program	11,644,000	26,644,000	15,000,000
Prekindergarten Supplemental Grants	16,039,177	21,131,425	5,092,248
School Safety Grants	13,100,000	10,600,000	-2,500,000
Kirwan – Concentration of Poverty	0	54,494,427	54,494,427
Kirwan – Mental Health Coordinators	0	1,999,992	1,999,992
Kirwan – Prekindergarten	0	31,677,733	31,677,733
Kirwan – Special Education	0	65,468,588	65,468,588
Kirwan – Teacher Salary Incentives	0	75,000,001	75,000,001
Kirwan – Transitional Supplemental Instruction	0	23,000,000	23,000,000
Food Service	11,236,664	12,996,664	1,760,000
SEED School	10,450,207	10,715,642	265,435
Judy Hoyer Centers	10,575,000	10,575,000	0
Teacher Development	4,520,000	4,520,000	0
Next Generation Scholars	4,700,000	5,000,000	300,000
Public School Opportunities	3,000,000	3,000,000	0
Heroin and Opioid Education	3,000,000	0	-3,000,000
Out-of-county Foster Placements	2,000,000	1,900,000	-100,000
Head Start	1,800,000	3,000,000	1,200,000
Other Education Aid	18,633,599	18,833,599	200,000
Total Primary and Secondary Education	\$5,801,594,376	\$6,236,019,744	\$434,425,368

<u>Program</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Difference</u>
Library Formula	\$41,932,865	\$43,211,040	\$1,278,175
Library Network	18,380,048	19,096,631	716,583
Total Libraries	\$60,312,913	\$62,307,671	\$1,994,758
Community College Formula	\$240,447,310	\$249,720,042	\$9,272,732
Optional Retirement	17,328,001	17,328,000	-1
Grants for ESOL Programs	5,548,721	5,223,910	-324,811
Small College Grants	5,959,101	6,118,140	159,039
Other Community College Aid	9,038,674	7,675,430	-1,363,244
Total Community Colleges	\$278,321,807	\$286,065,522	\$7,743,715
Highway User Revenue	\$178,132,608	\$255,931,515	\$77,798,907
County Transportation Grants	35,451,141	0	-35,451,141
Municipal Transportation Grants	22,480,289	0	-22,480,289
Elderly and Disabled Transportation Aid	4,305,908	4,305,908	0
Paratransit Grants	1,726,068	1,508,450	-217,618
Total Transportation	\$242,096,014	\$261,745,873	\$19,649,859
Police Aid	\$74,457,216	\$74,848,737	\$391,521
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
Baltimore City Safe Streets	0	3,600,000	3,600,000
Baltimore City Technology Improvements	0	7,000,000	7,000,000
Safe Streets Program	4,589,746	0	-4,589,746
State's Attorney Grants	3,228,840	3,478,840	250,000
Violent Crime Grants	2,292,489	2,292,489	0
Vehicle Theft Prevention	1,886,020	1,886,020	0
Drug Enforcement Grants	1,214,610	1,214,610	0
Maryland Criminal Intelligence Network	1,200,000	5,789,746	4,589,746
Police Recruitment and Retention	0	3,000,000	3,000,000
Rape Kit Testing Grant Fund	0	3,500,000	3,500,000
Other Public Safety Aid	6,436,509	6,186,509	-250,000
Total Public Safety	\$133,885,542	\$151,377,063	\$17,491,521
Wastewater Treatment – Nutrient Removal	\$7,000,000	\$7,000,000	0
Critical Area Grants	252,700	175,500	-77,200
Total Recreation/Environment	\$7,252,700	\$7,175,500	-\$77,200
Local Health Formula	\$52,699,002	\$55,384,679	\$2,685,677

<u>Program</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Difference</u>
Disparity Grant	\$140,804,172	\$146,172,853	\$5,368,681
Gaming Impact Grants	\$92,904,093	\$93,688,776	784,683
Teachers Retirement Supplemental Grants	27,658,661	27,658,661	0
Adult Education	8,011,986	8,011,986	0
Statewide Voting Systems	5,471,244	2,998,036	-2,473,208
Revenue Equity Program	3,303,370	3,543,430	240,060
Payments in Lieu of Taxes (PILOT)	2,195,492	1,664,051	-531,441
PILOT – Park Service	2,291,673	2,300,000	8,327
PILOT – Forest Service	146,208	144,708	-1,500
Instant Bingo	2,581,588	2,631,588	50,000
Behavioral Health Crisis Response	0	3,000,000	3,000,000
Senior Citizens Activities Center	764,238	764,238	0
Total Other Direct Aid	\$145,328,553	\$146,405,474	\$1,076,921
Total Direct Aid	\$6,862,295,079	\$7,352,654,379	\$490,359,300
Retirement – Teachers	\$732,920,781	\$767,888,790	\$34,968,009
Retirement – Libraries	20,645,412	21,666,091	1,020,679
Retirement – Community Colleges	44,067,171	45,632,754	1,565,583
Total Payments-in-behalf	\$797,633,364	\$835,187,635	\$37,554,271
Total State Aid	\$7,659,928,443	\$8,187,842,014	\$527,913,571

ESOL: English for Speakers of Other Languages

SEED: School of Education Evaluation and Development

Primary and Secondary Education

Foundation Program: The foundation formula ensures a minimum funding level per pupil and requires local governments to provide a local match. The formula is calculated based on a per pupil amount and student enrollment. Less wealthy school systems, as measured by the assessable base and net taxable income (NTI), receive more aid per pupil than wealthier school systems. The increase is attributable to a statewide enrollment growth of 0.3% and a 2.5% inflationary increase in the per pupil foundation amount, from \$7,065 to \$7,244. The 2.5% increase in the per pupil foundation amount is equivalent to the increase in the Consumer Price Index (CPI) for all urban consumers (commonly known as CPI-U) for the Washington-Arlington-Alexandria DC-VA-MD-WV (Washington statistical area). Statute provides that the inflationary adjustment is the lesser of CPI-U or the Implicit Price Deflator for State and local government up to 5.0%. State aid under the

foundation program will total \$3.1 billion in fiscal 2020, an \$84.2 million, or 2.8%, increase from the prior year.

In addition, \$46.6 million in supplemental grants will be provided to nine local school systems in fiscal 2020. 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, that inflationary increases for the per pupil foundation amount were eliminated. The fiscal 2020 budget also includes a total of \$12.2 million in discretionary foundation funding. Most (\$11.5 million) of this additional funding benefits Baltimore City, while Cecil County also receives \$761,200.

Geographic Cost of Education Index (GCEI): GCEI is a mandated formula that accounts for the differences in the costs of educational resources among local school systems. Thirteen local school systems are eligible for GCEI funds in fiscal 2020, receiving a total increase of \$3.9 million, or 2.7% over the prior year. Fiscal 2020 funding totals \$145.5 million.

NTI Grants: Pursuant to Chapter 4 of 2013, State education aid formulas that include a local wealth component must 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. Fiscal 2020 funding of NTI grants totals \$65.3 million, a \$2.8 million, or 4.4%, increase compared to fiscal 2019.

Tax Increment Financing Grants: Chapter 258 of 2016 authorized grants in fiscal 2018 and 2019 for counties that establish a tax increment financing development district after May 1, 2016, and qualify for State disparity grant funding. If the amount of State education aid for the county calculated as reduced by the tax increment is greater than the amount of State aid calculated without excluding the tax increment, the difference is provided as a grant to the local school system. Chapter 387 of 2018 extended the grant for fiscal 2020 and beyond. Grants totaling \$3.3 million in fiscal 2020 benefit Baltimore City and Prince George’s County. However, due to concerns about the valuation of tax increment districts in Prince George’s County, the operating budget, [House Bill 100](#), restricts \$3.0 million until the State Department of Assessments and Taxation (SDAT), the Department of Budget and Management, and the Maryland State Department of Education submit a report to the budget committees regarding the accuracy of the grant calculations.

Declining Enrollment Grants: Chapters 6 and 607 of 2017 created grants in fiscal 2018 through 2020 for local school systems with declining enrollment. A local school system is eligible for an enrollment-based supplemental grant if the county’s most recent prior three-year average full-time equivalent (FTE) enrollment is greater than the FTE enrollment in the previous school year. Ten local school systems qualify for this grant in fiscal 2020, totaling \$18.9 million. The majority of this funding (\$15.5 million) is for Baltimore City. [Senate Bill 1030](#) extends this program into fiscal 2021.

Guaranteed Tax Base: 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. Eight local school systems will qualify for grants totaling \$43.7 million in fiscal 2020, a decrease of \$4.5 million from the prior year.

Compensatory Education Program: The compensatory education formula provides additional funding based on the number of students eligible for free and reduced-price meals (FRPM). The formula is calculated using the number of eligible students and 97% of the per pupil foundation amount. The State share of the formula cost is 50%. Funds are distributed to each local school system based on eligible enrollment in the school system and local wealth with the State paying no less than 40% of formula funding for each local school system. State aid under the compensatory education program will total \$1.3 billion in fiscal 2020. The \$22.1 million increase in fiscal 2020 is based primarily on increases in the base per pupil amount. Currently, 42% of students statewide qualify for compensatory education funding.

Concentration of Poverty School Grant Program: This program, established by [Senate Bill 1030](#), provides grants to public schools in which at least 80% of the students were eligible for FRPM. For both fiscal 2020 and 2021, the State must distribute a grant to each local school system equal to \$248,833 for each eligible school; that same amount must be distributed by the local school system to each eligible school. However, if the local school system has at least 40 eligible schools, the local school system may distribute the funds in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions and services. Statewide grant totals are estimated at \$54.5 million in fiscal 2020 and \$58.9 million in fiscal 2021.

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 109,711. State formula funding for public special education programs will total \$303.3 million in fiscal 2020, a \$12.4 million, or 4.3%, increase over the prior year. [Senate Bill 1030](#) provides an additional \$65.5 million for public school special education in fiscal 2020. Funding for nonpublic placements totals \$121.5 million in fiscal 2020, a \$2.0 million, or 1.6%, 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 2020, 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. This formula provides additional funds based on the number of students for whom English is a second language. The formula is calculated based on eligible enrollment and 99% of the per pupil foundation amount. Like the compensatory formula, the State pays 50% of the formula costs statewide with a floor of 40% for each local school system. Fiscal 2020 funding totals \$311.1 million. The \$23.0 million increase represents an 8% increase over the fiscal 2019 level and is based on 4,465 more LEP students.

Prekindergarten Funding: Under Chapter 361 of 2018, beginning in fiscal 2020, mandatory annual State funding increases to \$26.6 million, resulting in a \$15.0 million increase over the prior year. Also, per Chapters 6 and 607, Baltimore City as well as Garrett, Kent, and Somerset counties receive prekindergarten supplemental grants totaling \$21.1 million in fiscal 2020. This amounts to an increase of \$5.1 million over fiscal 2019, in accordance with the phase-in of these grants through fiscal 2020. *Senate Bill 1030* expands eligibility for the program in fiscal 2020, resulting in an additional \$31.7 million benefitting 18 additional school systems. Under this legislation, the program is also extended through fiscal 2021.

Judy Hoyer and Ulysses Currie 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. Chapters 555 and 556 of 2018 require an annual State funding level of \$3.0 million for Head Start, which was named the Ulysses Currie Head Start Program by the legislation. The fiscal 2020 budget includes \$10.6 million for Judy Hoyer programs and \$3.0 million for the Ulysses Currie Head Start program.

Teacher Development and Salary Incentives: State aid for teacher development totals \$4.5 million in fiscal 2020, level with fiscal 2019 funding. Funds for Quality Teacher Incentives are used to recruit and retain quality teachers by providing stipends to teachers achieving National Board Certification.

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, 2018, and 2019 each substantially decreased funding for the program, including a \$4.0 million reduction for fiscal 2020. The fiscal 2020 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.

Senate Bill 1030 provides \$75.0 million in incentive grants for increased teacher salaries. In each of fiscal 2020 and 2021, the State must provide a grant to a local school system if the local board provides a negotiated and funded average salary increase for teachers of at least 3.0% in fiscal 2020. However, funding is dependent on local boards providing the required documentation.

Innovative Programs: Funding for Innovative Programs totals \$26.8 million in fiscal 2020, a decrease of \$2.5 million from the prior year. This decrease is due to the combined impact of the elimination of \$3.0 million in one-time grants for addressing heroin/opioid addiction, a \$300,000 increase for the Next Generation Scholars of Maryland Program that assists students in school systems in which at least 50% of the students are from low-income families, and a \$200,000 increase for the Pathways in Technology Early College High School program. Fiscal 2020 funding totaling \$26.8 million includes full funding (\$9.0 million) for three programs established under Chapter 361: the Learning in Extended Academic Programs grant program; the Maryland Early Literacy Initiative; and the Career and Technology Education Innovation grant program.

School-based Health Centers: The fiscal 2020 budget includes \$2.6 million for school-based health centers that 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 2020 funding remains level at \$4.6 million.

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 fiscal 2020 budget includes \$275.7 million for regular transportation services and \$27.3 million for special transportation services. This represents a \$20.5 million, or 7.2%, increase from the prior year, due largely to a 7% increase in the inflation factor used in the funding formula.

School Safety Grants: The fiscal 2020 budget includes \$10.6 million in State funding for public school safety grants, a reduction of \$2.5 million due to the elimination of funding for one-time mandatory school safety evaluations in fiscal 2019.

Food and Nutrition Services: In addition to federal funds, 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. Chapter 560 of 2018 makes 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. Chapter 562 of 2018 requires minimum annual funding of \$7.6 million for Maryland Meals for Achievement, resulting in a \$650,000 increase in State aid beginning in fiscal 2020. The fiscal 2020 budget includes \$13.0 million for food and nutrition services, an increase of \$1.8 million.

Teachers' Retirement Payments: State retirement costs for public school teachers and other professional public school personnel will total an estimated \$767.9 million in fiscal 2020, an increase of \$35.0 million (4.8%) over fiscal 2019 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. Fiscal 2020 funding totals \$40.2 million, a \$1.3 million increase compared to fiscal 2019. 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. Fiscal 2020 State library network funding totals \$19.1 million, an increase of \$716,600 over fiscal 2019.

Retirement Payments: The State pays 100% of the retirement costs for local library employees. Fiscal 2020 funding totals \$21.7 million, an increase of \$1.0 million compared to fiscal 2019.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage (23% in fiscal 2020) 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 2020 funding totals \$249.7 million, an increase of \$9.3 million over fiscal 2019 funding.

Special Programs: State funding in fiscal 2020 will total \$6.1 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 \$5.2 million, a slight decline compared to the prior year. The fiscal 2020 budget also provides \$700,000 in special grants benefiting Prince George's County (\$500,000) and Washington County (\$200,000).

Retirement Payments: Fiscal 2020 funding totals \$45.6 million, an increase of \$1.6 million compared to fiscal 2019. However, State funding for the optional retirement program totaling \$17.3 million will remain level in fiscal 2020.

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. The funding formula 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 needs as determined by the Secretary of Health may also affect allocations of the annual adjustment. The fiscal 2020 budget includes \$55.4 million for local health grants that includes \$2.6 million for a cost-of-living adjustment that was granted to State employees in fiscal 2019 and approximately \$1.0 million for contractual health insurance costs in some counties.

County and Municipal Governments

Approximately 8.7% of State aid is allocated to county and municipal governments to finance general government, transportation, public safety, and recreation projects. County and municipal governments will receive \$712.9 million in fiscal 2020, an increase of \$43.5 million over fiscal 2019 funding. The major State aid programs assisting county and municipal governments include transportation aid, disparity grants, adult education, teacher retirement supplemental grants, police aid, and gaming impact aid.

Highway User Revenue: The State has shared various transportation revenues with the counties and municipalities through the local highway user revenue program. Allocations to counties and municipalities from the Gasoline and Motor Vehicle Revenue Account (GMVRA) have been based on the percentage of road miles and vehicle registrations within each local jurisdiction.

Chapters 330 and 331 of 2018 require 100% of the funds in the 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 the GMVRA. For fiscal 2020 through 2024, capital grants equivalent to 13.5% of the revenue allocated to the GMVRA must be provided to local governments as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%).

Beginning in fiscal 2025, capital grants equivalent to 9.6% of the revenue allocated to the GMVRA must be provided to local governments as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this is equivalent to the previous GMVRA distribution to localities.

The fiscal 2020 allocation is based on projected TTF revenue from motor fuel taxes, motor vehicle titling taxes, motor vehicle registration fees, and corporate income taxes. Based on this formula, the fiscal 2020 budget includes a total of \$255.9 million for local highway funding, which is a \$19.9 million increase from fiscal 2019. Baltimore City will receive \$157.4 million, county governments will receive \$60.7 million, and municipal governments will receive \$37.9 million.

Elderly/Disabled Transportation Grants: State funding for elderly/disabled transportation grants will total \$4.3 million in fiscal 2020, which is the same as fiscal 2019. State funding for paratransit grants will total \$1.5 million, which is a decrease of \$217,600 from fiscal 2019.

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 2020 totals \$74.8 million, an increase of 0.5% over fiscal 2019.

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 2020 funding totals \$15.0 million, which is the same as the fiscal 2019 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 2020, which is level with fiscal 2019 funding.

Targeted Public Safety Grants: State funding for targeted public safety grants will total \$45.2 million in fiscal 2020, representing a \$17.1 million increase from the prior year. Funding for fiscal 2020 includes \$22.6 million in targeted grants for Baltimore City and \$4.9 million in targeted grants for Prince George's County. This funding also includes \$17.8 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). New initiatives for fiscal 2020 will provide \$7.0 million for technology improvements within the Baltimore City Police Department, \$3.6 million for support for

Baltimore City Safe Streets, \$3.5 million for a rape kit testing grant fund, and \$3.0 million for police recruitment and retention.

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 2020, the same amount as in fiscal 2019.

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 2020 budget includes \$7.0 million in funding, which is the same as the fiscal 2019 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.

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 2020 budget includes \$146.2 million for disparity grants, a \$5.4 million increase from the prior year.

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). Beginning with fiscal 2015, \$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 addition, 5% of table game revenues are distributed to local jurisdictions where a video lottery facility is located. Gaming impact grants total \$93.7 million in fiscal 2020, an increase of \$784,700, or 0.8%, over fiscal 2019 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.

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 SDAT, 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 (PILOT) payments in the affected counties. The fiscal 2020 budget includes total payments of \$3.5 million to Allegany, Garrett, and Somerset counties, which is an increase of \$240,100 over the fiscal 2019 amount.

Forest Service and Maryland Park Service – PILOT: 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 2019, Forest Service payments to local governments totaled \$146,200, and Maryland Park Service payments to local governments totaled \$2.3 million. In fiscal 2020, Forest Service payments to local governments total \$144,700, 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. Funding 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 (MDOA) to meet criteria related to economic distress. The fiscal 2020 budget includes \$764,200 for the program, which is the same amount that was included for fiscal 2019.

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 GED tests or the National External Diploma Program. The fiscal 2020 budget includes \$8.0 million for adult education programs in fiscal 2020, level with fiscal 2019 funding.

Behavioral Health Crisis Response: Chapters 209 and 210 of 2018 established the Behavioral Health Crisis Response Grant Program in the Maryland Department of Health (MDH) to provide funds to local jurisdictions to establish and expand community behavioral health crisis response systems. The fiscal 2020 budget includes \$3.0 million for the fund.

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 2020 State budget includes \$7.4 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2019 and 2020.

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 \$835.2 million in fiscal 2020. 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 the fiscal 2020 estimated allocation of appropriations, excluding federal funds, for health services, social services, and senior citizen services.

Health Services: MDH, 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 \$4.5 billion statewide for these programs in fiscal 2020. In addition, \$77.6 million in special funds, primarily from the Cigarette Restitution Fund (CRF), will also be spent on these programs in fiscal 2020. Special funds in the Medicaid program are expected to total \$878.0 million in fiscal 2020. 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 five 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 2020 budget includes \$783.3 million in general funds and \$28.2 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, specialty services, *etc.*). The administration is also responsible for chronic and hereditary disease prevention (cancer, heart disease, diabetes, *etc.*) and the prevention and control of infectious diseases including HIV/AIDS. This includes the promotion of safe and effective immunization practices, the investigation of disease outbreaks, and continuous disease surveillance and monitoring with the support of local health departments and the medical community. Fiscal 2020 funding for these programs totals \$36.8 million in general funds of which \$15.0 million is operating support for the Capital Region Medical Center (formerly the Prince George’s County Regional Medical Center). Additional funding of \$49.3 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 2020 funding for the Medicaid program totals \$3.0 billion in general funds and \$878.0 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 and individual and family support services, including respite care, individual family care, behavioral support services; and community-supported living arrangements. The fiscal 2020 budget includes \$680.2 million in general funds.

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 2020 estimates of funding for those programs that are available by subdivision. Note that fiscal 2020 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 2019 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, emergency and transitional housing services, and the emergency solutions grant programs. The fiscal 2020 budget includes \$5.5 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 2020 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 2020 budget includes \$11.6 million in general funds.
 - **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 2020 budget includes \$150.0 million in general funds.
 - **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 2020 budget includes \$191.2 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 2020 budget anticipates general fund spending of \$3.0 million for this program.
- Senior Citizen Services:** MDOA 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 2020 funding is \$16.1 million in general funds. In this report, the fiscal 2020 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2019 funding and may change.
- **Long-term Care:** This category includes the following programs: vulnerable elderly; senior care; senior guardianship; and the ombudsman program. The total fiscal 2020 funding is \$10.8 million in general funds.
 - **Community Services:** Included in this category are the senior information and assistance program, the senior nutrition program, the community for life program, and the hold harmless grant. Fiscal 2020 funding for these programs totals \$5.3 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 2020 State 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 2020. 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 2020 budget includes \$418.8 million in funding for local school construction, including \$167.0 million in general funds and \$251.8 million from general obligation bonds. The general fund appropriation includes \$10.0 million for school security improvements and \$30.0 million for a new healthy school facility fund. The General Assembly restricted general fund appropriations of \$90.0 million in the Revenue Stabilization Account and \$37.0 million in the Dedicated Purpose Account for school construction, but spending the combined \$127.0 million is at the discretion of the Governor.

As of the publication of this report, \$210.0 million of the local school construction program has been allocated to specific projects, representing 50% 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 2019. Therefore, the school construction projects funded and/or the amount of the funding for specific projects could change.

Additionally, 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 2020.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects, authorized by the fiscal 2020 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 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 2020, 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 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$42,551	\$43,087	\$536	1.3%
Compensatory Education	22,123	22,243	121	0.5%
Student Transportation	4,771	5,066	295	6.2%
Special Education	7,752	7,970	218	2.8%
Limited English Proficiency Grants	85	87	2	2.9%
Guaranteed Tax Base	4,492	4,468	-24	-0.5%
Declining Enrollment Grants	439	845	406	92.5%
Kirwan Commission – Blueprint Funding	0	3,266	3,266	n/a
Prekindergarten Grants	378	865	487	128.8%
Other Education Aid	897	897	0	0.0%
<i>Primary and Secondary Education</i>	<i>\$83,488</i>	<i>\$88,795</i>	<i>\$5,307</i>	<i>6.4%</i>
Libraries	\$817	\$840	\$23	2.9%
Community Colleges	6,782	6,597	-185	-2.7%
Health Formula Grant	1,745	1,877	133	7.6%
Transportation ¹	2,593	3,016	423	16.3%
Police and Public Safety ¹	856	848	-8	-0.9%
Fire and Rescue Aid ¹	334	334	0	0.0%
Disparity Grant	7,299	7,299	0	0.0%
Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0%
Gaming Impact Aid	2,323	2,354	31	1.3%
Total Direct Aid	\$107,868	\$113,593	\$5,725	5.3%
Aid Per Capita (\$)	\$1,506	\$1,586	\$80	5.3%
Property Tax Equivalent (\$)	2.75	2.87	0.12	4.2%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be \$8,750,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$74,849,000
Family Health and Chronic Disease	481,000
Developmental Disabilities	9,160,000
Behavioral Health Services	12,897,000

Social Services

Homeless Services	112,000
Women's Services	298,000
Adult Services	245,000
Child Welfare Services	3,223,000
Foster Care	2,428,000
Temporary Cash Assistance	66,000

Senior Citizen Services

Long-term Care	191,000
Community Services	107,000

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

Bel Air Elementary School – renovations (roof)	\$729,000
Center for Career and Technical Education – renovations (roof)	851,500
Washington Middle School – renovations (boiler)	695,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Lavale Library – renovation and expansion	360,000
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Allegany College of Maryland

Campuswide – facilities renewal	475,000
Technology Building – renovation	1,128,000

Program Open Space

Park acquisition and development	628,861
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Community Parks and Playgrounds

Luke Inclusive Nature Playground	200,000
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Chesapeake Bay Restoration Fund

Braddock and Jennings Run – sewage conveyance improvements	12,338,000
Frostburg – combined sewer overflow	2,256,000
Mill Race – combined sewer overflow	20,098,000

Water Supply Financial Assistance Program

Decatur Street – water main replacement	703,000
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Waterway Improvement

North Branch – boat access ramp and parking	54,000
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Mining Remediation Program

Jennings Run – watershed remediation	100,000
Upper George's Creek – shaft restoration	300,000
Upper George's Creek – stream sealing	100,000

Other Projects

Allegany County – Adaptive Community and Workforce Training Facility	1,650,000
Allegany County – Cumberland to La Vale water and sewer line	250,000
Allegany County – Western Maryland Works	360,000
Allegany Museum	200,000
Blue Whale Recycling Plant	300,000
Frostburg – Municipal Center	200,000
Maryland Fire and Rescue Institute – Western Maryland Training Center	150,000
YMCA of Cumberland	100,000

D. Capital Projects for State Facilities in the County

Maryland State Police

Cumberland Barrack and Garage	\$7,154,000
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Maryland Environmental Service

Rocky Gap State Park – collection system	1,525,000
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University System of Maryland

Frostburg State – Education Professions and Health Sciences Center	6,200,000
Frostburg State – five dorm renovation	7,700,000
Frostburg State – residence hall construction	16,277,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$218,481	\$226,735	\$8,254	3.8%
Compensatory Education	67,731	71,252	3,521	5.2%
Student Transportation	24,531	26,495	1,965	8.0%
Special Education	28,600	29,892	1,292	4.5%
Limited English Proficiency Grants	14,855	16,739	1,884	12.7%
Geographic Cost of Education Index	10,218	10,543	325	3.2%
Kirwan Commission – Blueprint Funding	0	13,561	13,561	n/a
Prekindergarten Grants	75	172	97	128.8%
Other Education Aid	2,184	2,228	43	2.0%
Primary and Secondary Education	\$366,675	\$397,618	\$30,943	8.4%
Libraries	\$2,350	\$2,432	\$82	3.5%
Community Colleges	31,277	31,814	536	1.7%
Health Formula Grant	4,309	4,487	178	4.1%
Transportation ¹	7,910	8,564	654	8.3%
Police and Public Safety ¹	8,939	9,014	75	0.8%
Fire and Rescue Aid ¹	1,247	1,247	0	0.0%
Gaming Impact Aid	27,736	27,797	61	0.2%
Other Direct Aid ¹	75	75	0	0.0%
Total Direct Aid	\$450,518	\$483,046	\$32,528	7.2%
Aid Per Capita (\$)	\$786	\$843	\$57	7.2%
Property Tax Equivalent (\$)	0.50	0.52	0.02	3.8%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be \$70,459,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$246,022,000
Family Health and Chronic Disease	1,279,000
Developmental Disabilities	33,946,000
Behavioral Health Services	61,497,000

Social Services

Homeless Services	284,000
Women’s Services	338,000
Adult Services	222,000
Child Welfare Services	7,676,000
Foster Care	6,430,000
Temporary Cash Assistance	190,000

Senior Citizen Services

Long-term Care	748,000
Community Services	198,000

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

Annapolis Middle School – renovations (HVAC/windows/ceilings/lighting)	\$7,125,000
Crofton Area High School – construction	484,000
Crofton Woods Elementary School – construction	1,189,000
Edgewater Elementary School – construction	4,145,000
George Cromwell Elementary School – construction	69,000
Millersville Elementary School – kindergarten addition	958,000
Richard Henry Lee Elementary School – construction	4,370,000
Solley Elementary School – construction	105,000
Tyler Heights Elementary School – construction	1,997,000
Supplemental Capital Grant Program for Local School Systems	7,935,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Riviera Beach Library – construction	200,000
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Anne Arundel Community College

Campuswide – facilities renewal	475,000
Health Sciences and Biology Building – construction	22,657,000

Local Jails and Detention Centers

County Central Holding and Processing Center – construction	1,715,000
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Program Open Space

Park acquisition and development	6,820,297
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Community Parks and Playgrounds

Ellen O. Moyer Park	102,000
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Chesapeake Bay Restoration Fund

85 Dover Road – sewer extension	64,000
BWI Commerce Park – sewer extension	1,285,000
I-97 Business Park – sewer extension	1,112,000
International Trade Center – sewer extension	1,270,000

Comprehensive Flood Mitigation Program

Annapolis	1,000,000
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Waterway Improvement

Annapolis – bulkhead and dinghy dock	99,000
Annapolis Fire Department – outboard motor and thermal imaging system	2,000
Brady and Old Glory Coves – maintenance dredging	168,500
Franklin Manor – dredging	505,500
Mathias Cove and Main Creek – maintenance dredging	341,500
Old Man Creek – maintenance dredging	131,500
Spriggs Pond and Ross Cove – maintenance dredging	128,400

Coastal Resiliency Program

Deale Beach – shoreline enhancements	200,000
Long View Community – shoreline improvements	20,000
St. Mary’s Church – shoreline enhancements	200,000
West River – shoreline and stormwater enhancements	200,000

Other Projects

Annapolis – Newtowne Community Resource Center	750,000
Annapolis Maritime Museum and Park	175,000
Anne Arundel County – Brooklyn Park Athletic Complex	1,000,000
Anne Arundel County Fairgrounds	75,000
Anne Arundel Health System, Inc.	387,000
Arundel Lodge	100,000
Bates Middle School – athletic facilities	1,000,000
Cape St. Claire Improvement Association, Inc. – beach replenishment	25,000
Chesapeake Arts Center	150,000
Chesapeake High School – stadium improvements	125,000
Chesapeake Region Accessible Boating, Inc.	1,000,000
Chrysalis House Child Development Center	200,000
Deale Volunteer Fire Department	25,000
Glen Burnie High School – stadium	500,000
Historic Annapolis, Inc.	3,100,000
Lutheran Mission Society of Maryland – Annapolis Compassion Center	50,000
Maryland City Communities Association, Inc. – athletic complex lighting	100,000
Maryland Hall for the Creative Arts	1,000,000
National Cryptologic Museum	500,000
North County High School – field house	200,000

Pascal Crisis Stabilization Center	100,000
Ralph J. Bunche Community Center	37,000
Westelee Civic Association, Inc. – John Marshall Park	13,000
YWCA Domestic Violence Safe House Shelter	100,000
YWCA Education and Wellness Center	300,000

D. Capital Projects for State Facilities in the County

General Government

Courts of Appeal Building	\$1,900,000
Lawyer’s Mall – underground infrastructure and utilities	6,000,000

Department of Public Safety and Correctional Services

Jessup Region – electrical infrastructure upgrade	7,930,000
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Department of Natural Resources

Franklin Point State Park – shoreline improvements	100,000
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Maryland Environmental Service

Jessup Correctional Institution – boiler plant improvements	900,000
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Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$383,511	\$382,044	-\$1,467	-0.4%
Compensatory Education	288,578	286,650	-1,928	-0.7%
Student Transportation	19,741	21,129	1,388	7.0%
Special Education	60,438	59,689	-749	-1.2%
Limited English Proficiency Grants	25,178	27,564	2,386	9.5%
Guaranteed Tax Base	21,243	17,376	-3,867	-18.2%
Declining Enrollment Grants	15,962	15,488	-474	-3.0%
Geographic Cost of Education Index	22,211	22,387	176	0.8%
Kirwan Commission – Blueprint Funding	0	54,706	54,706	n/a
Prekindergarten Grants	14,921	19,696	4,774	32.0%
Other Education Aid	3,494	3,494	0	0.0%
Primary and Secondary Education	\$855,278	\$910,222	\$54,945	6.4%
Libraries	\$9,378	\$9,501	\$123	1.3%
Health Formula Grant	8,367	8,593	227	2.7%
Transportation	148,815	157,730	8,914	6.0%
Police and Public Safety	11,851	22,576	10,725	90.5%
Fire and Rescue Aid	1,356	1,356	0	0.0%
Disparity Grant	76,013	76,580	568	0.7%
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0%
Gaming Impact Aid	26,763	27,189	426	1.6%
Other Direct Aid	2,120	1,589	-531	-25.1%
Total Direct Aid	\$1,149,989	\$1,225,385	\$75,396	6.6%
Aid Per Capita (\$)	\$1,880	\$2,003	\$123	6.6%
Property Tax Equivalent (\$)	2.70	2.81	0.11	4.0%

2. Retirement Payments

City teachers and librarians 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 on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Baltimore City for teachers and librarians are estimated to be \$64,659,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$938,129,000
Family Health and Chronic Disease	4,062,000
Developmental Disabilities	38,320,000
Behavioral Health Services	209,134,000

Social Services

Homeless Services	1,185,000
Women's Services	1,506,000
Adult Services	2,666,000
Child Welfare Services	55,661,000
Foster Care	73,320,000
Temporary Cash Assistance	1,204,000

Senior Citizen Services

Long-term Care	1,884,000
Community Services	1,162,000

Note: A portion of women's services funding supports services in Baltimore City and Baltimore County.

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

Baltimore City College High School #480 – renovations (pool)	\$1,847,000
Collington Square Elementary/Middle School #97 – ren. (classroom A/C)	920,000
Eutaw-Marshburn Elementary School #11 – ren. (windows/doors/A/C)	1,810,000
Fallstaff Elementary/Middle School #241 – renovations (fire safety)	400,000
Franklin Square Elementary/Middle School #95 – renovations (A/C units)	860,000
Graceland Park/O’Donnell Heights Elementary/Middle School – construction	4,475,000
Harlem Park Building #78 – renovations (classroom A/C units)	1,662,000
Holabird Elementary/Middle School #229 – construction	4,943,000
Johnston Square Elementary School #16 – renovations (classroom A/C units)	1,306,000
Maree Garnett Farring Elementary/Middle School #203 – construction	1,500,000
North Bend Elementary/Middle School #81 – renovations (fire safety)	393,000
Western High School #407 – renovations (pool)	1,484,000
Yorkwood Elementary School #219 – renovations (A/C units/fire safety)	1,120,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Community Health Facilities Grant Program

People Encouraging People, Inc.	618,000
Project PLASE, Inc.	2,000,000

Federally Qualified Health Centers Grant Program

Baltimore Medical System, Inc.	65,000
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Senior Center Capital Grant Program

Harford Road Senior Center	300,000
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Program Open Space

Ambrose Kennedy Park	500,000
Bond Street Park	50,000
Cylburn Arboretum	250,000
Garrett Park	250,000
Johnston Square – greenspace	15,000
Park acquisition and development	9,255,613
Rachel Wilson Memorial for Fallen Firefighters	150,000
Warwick Park	50,000

Community Parks and Playgrounds

Violetville Park	260,000
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Comprehensive Flood Mitigation Program

Frederick Avenue	600,000
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Hazardous Substance Cleanup Program

1600 Harford Avenue – hazardous waste remediation	200,000
Chemical Metals, Inc. – hazardous waste remediation	50,000

Other Projects

40 West Assistance and Referral Center	200,000
Arena Players Theater	300,000
Associated Catholic Charities, Inc. – Cherry Hill Town Center	250,000
Baltimore Museum of Art	2,000,000
Baltimore Police Department – evidence storage facility	1,500,000
Baltimore Police Mounted Unit – stables	400,000
Baltimore Rock Opera Society	200,000
Baltimore Zoo – infrastructure improvements	5,000,000
Belvedere Place	75,000
Bon Secours Community Works	725,000
Cal Ripken Sr. Foundation – athletic fields	500,000
Center Stage	1,000,000
Central Baltimore Partnership, Inc. – Station North Investment Fund	1,000,000
Chesapeake Shakespeare Company	150,000
City Life Community Builders, Ltd. – Hoen Building	75,000
Citywide Youth Development, Inc.	450,000
Delta Lambda Foundation Outreach Center	1,000,000
East Baltimore Development, Inc.	2,500,000
East Baltimore Library	100,000
Edward A. Myerberg Senior Center	75,000
Everyman Theatre	500,000
France-Merrick Performing Arts Center	1,000,000
Gatehouse Community Resource Center	100,000
Great Blacks in Wax Museum	250,000
Harford Road Senior Center	250,000
Helping Up Mission	1,900,000
Hollins and Pennsylvania Avenue Markets	500,000
HopeWork Community Development Corporation	200,000

Johns Hopkins Health System – Children’s Medical and Surgical Center	3,000,000
Johns Hopkins University – academic building	2,900,000
Johnston Square – greenspace	15,000
Junior Achievement of Central Maryland	350,000
Le Mondo	100,000
Lexington Market	500,000
Maryland Historical Society	500,000
Maryland School for the Blind – construction	6,000,000
Maryland State LGBT Center	500,000
MedStar Union Memorial Hospital	425,000
Mercy High School – artificial turf field	150,000
Mercy Medical Center, Inc.	1,141,000
National Aquarium in Baltimore	2,000,000
New City of Hope Literacy Center	100,000
New Creation Christian Church, Inc. – Hoop House	100,000
North East Housing Initiative, Inc.	75,000
North Wolfe and North Gay Streets – aesthetic enhancements	192,000
Northeast Family and Community Center, Inc.	50,000
Paul’s Place	500,000
Port Discovery Children’s Museum	1,000,000
Restoration House	50,000
Roberta’s House	500,000
Roland Park Community Foundation Inc. – water tower stabilization	75,000
Ronald McDonald House	500,000
Sinai Hospital	1,000,000
South Baltimore Learning Center	175,000
The Hub Integrated Learning Resource Center	200,000
The League for People with Disabilities	500,000
Vehicles for Change, Inc. – Full Circle Auto Repair and Training Center	100,000
Waterfront Partnership of Baltimore, Inc. – Rash Field	1,000,000
WBC Community Development Corporation – Wayland Village	150,000
Weinberg Community Center	60,000
Westport Community Economic Development Corporation	125,000
Woodbourne Center	380,000
WYPR Radio	175,000

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

Baltimore City District Court – Shillman Building	\$2,080,000
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Maryland State Police

State Law Enforcement Special Operations Group Center	2,200,000
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Department of Public Safety and Correctional Services

Baltimore City Detention Center – demolition	23,816,000
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Baltimore City Community College

Liberty Campus – improve and expand roadway and parking lots	874,000
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Morgan State University

Campuswide – deferred maintenance and site improvements	10,000,000
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Health and Human Services Building	9,304,000
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Student Services Support Building	22,659,000
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University System of Maryland

Baltimore – electric substation and electrical infrastructure	13,159,000
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Baltimore – Interprofessional Education Center	6,300,000
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Baltimore – Medical School Teaching Facility electrical systems renewal	4,600,000
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Other

Univ. of Maryland Medical System – cancer treatment/organ transplant center	3,000,000
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University of Maryland Medical System – shock trauma center	4,000,000
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Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$405,336	\$416,980	\$11,644	2.9%
Compensatory Education	148,756	154,225	5,469	3.7%
Student Transportation	32,181	34,547	2,367	7.4%
Special Education	56,086	58,838	2,753	4.9%
Limited English Proficiency Grants	24,270	27,866	3,596	14.8%
Geographic Cost of Education Index	6,180	6,356	175	2.8%
Kirwan Commission – Blueprint Funding	0	22,622	22,622	n/a
Prekindergarten Grants	54	123	69	128.8%
Other Education Aid	3,893	3,818	-76	-1.9%
Primary and Secondary Education	\$676,755	\$725,374	\$48,619	7.2%
Libraries	\$6,210	\$6,407	\$197	3.2%
Community Colleges	44,110	45,552	1,441	3.3%
Health Formula Grant	5,519	5,668	150	2.7%
Transportation	8,998	9,399	401	4.5%
Police and Public Safety	12,782	12,815	33	0.3%
Fire and Rescue Aid	1,715	1,715	0	0.0%
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0%
Total Direct Aid	\$759,090	\$809,930	\$50,841	6.7%
Aid Per Capita (\$)	\$912	\$973	\$61	6.7%
Property Tax Equivalent (\$)	0.87	0.90	0.03	3.4%

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 2020 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be \$101,607,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$558,524,000
Family Health and Chronic Disease	2,124,000
Developmental Disabilities	106,606,000
Behavioral Health Services	98,846,000

Social Services

Homeless Services	219,000
Women's Services	601,000
Adult Services	888,000
Child Welfare Services	10,916,000
Foster Care	25,212,000
Temporary Cash Assistance	383,000

Senior Citizen Services

Long-term Care	1,574,000
Community Services	304,000

Note: A portion of women's services funding supports services in Baltimore City and Baltimore County.

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

Dundalk Elementary School – construction	\$4,293,000
Honeygo Elementary School – construction	3,159,000
Patapsco High School and Center for the Arts – construction	3,209,000
Woodlawn High School – construction	12,519,000
Supplemental Capital Grant Program for Local School Systems	10,812,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Catonsville Library – renovation	1,100,000
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Community College of Baltimore County

Campuswide – facilities renewal	475,000
Campuswide – roof replacements	626,000
Essex – Health Careers and Technology Building renovation and expansion	17,322,000

Community Health Facilities Grant Program

Key Point Health Services, Inc.	263,000
Prologue, Inc.	622,000

Senior Center Capital Grant Program

Ateaze Senior Center	328,000
Cockeysville Senior Center	90,000

Program Open Space

Park acquisition and development	7,681,894
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Chesapeake Bay Restoration Fund

Woodstock Job Corps Center – wastewater treatment plant	2,766,000
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Waterway Improvement

Bowleys Quarters Volunteer Fire Department – purchase fire/rescue boat	50,000
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Other Projects

Baltimore County – Linover Park	50,000
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Baltimore County – Northwest Regional Park	15,000
Baltimore County – Radebaugh Park	100,000
Baltimore County – Randallstown Community Center	25,000
Baltimore County – Reisterstown Regional Park	25,000
Baltimore County – Reisterstown Sportsplex	30,000
Chestnut Ridge Volunteer Fire Company	50,000
Essex Elementary School – playground	59,000
Fire Museum of Maryland	200,000
Franklin Middle School – infrastructure improvements	500,000
Idlewylde Hall	75,000
Lansdowne Volunteer Fire Department	75,000
Maryland State Fairgrounds	500,000
MedStar Franklin Square Hospital	1,750,000
Morning Star Family Life Center	300,000
National Center on Institutions and Alternatives, Inc.	500,000
Parkville High School – turf field	250,000
Perry Hall High School – stadium press box	200,000
Pikesville High School – artificial turf field	850,000
St. Luke’s United Methodist Church Fellowship Hall	160,000
Stevenson University – academic building	2,900,000
Stevenson University – Rosewood environmental abatement	6,000,000
University of Maryland St. Joseph Medical Center	500,000
Upperco Volunteer Fire Company	85,000
WIN Team Headquarters and Treatment Facility	327,000
Woodlawn High School – athletic facilities	350,000

D. Capital Projects for State Facilities in the County

Military Department

Emergency Management Agency – headquarters renovation and expansion	\$990,000
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Department of Natural Resources

Gunpowder Falls State Park – Hammerman boat launch	130,000
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Maryland Environmental Service

Woodstock – wastewater treatment plant upgrades	3,004,000
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University System of Maryland

Baltimore County – hillside and terrace systems upgrades	3,700,000
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Part A – Budget and State Aid

A-135

Baltimore County – Retriever Activities Center	6,000,000
Baltimore County – stadium and athletic facility improvements	1,500,000
Baltimore County – utility upgrades	4,022,000
Towson University – College of Health Professions Building	5,266,000
Towson University – Glen Towers addition and renovation	4,201,000
Towson University – Science Facility	68,225,000
Towson University – University Union addition and renovation	13,000,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$58,362	\$62,734	\$4,372	7.5%
Compensatory Education	8,990	10,133	1,143	12.7%
Student Transportation	5,875	6,296	421	7.2%
Special Education	4,902	5,467	565	11.5%
Limited English Proficiency Grants	492	555	63	12.8%
Declining Enrollment Grants	363	0	-363	-100.0%
Geographic Cost of Education Index	2,290	2,354	64	2.8%
Kirwan Commission – Blueprint Funding	0	2,805	2,805	n/a
Other Education Aid	782	779	-2	-0.3%
Primary and Secondary Education	\$82,055	\$91,123	\$9,067	11.1%
Libraries	\$482	\$515	\$34	7.0%
Community Colleges	2,849	2,812	-36	-1.3%
Health Formula Grant	711	767	56	7.9%
Transportation ¹	1,915	2,076	161	8.4%
Police and Public Safety ¹	798	801	3	0.3%
Fire and Rescue Aid ¹	300	300	0	0.0%
Other Direct Aid	2,582	2,632	50	1.9%
Total Direct Aid	\$91,692	\$101,026	\$9,334	10.2%
Aid Per Capita (\$)	\$1,002	\$1,104	\$102	10.2%
Property Tax Equivalent (\$)	0.75	0.81	0.06	7.9%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be \$14,621,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$39,311,000
Family Health and Chronic Disease	543,000
Developmental Disabilities	10,186,000
Behavioral Health Services	8,695,000

Social Services

Homeless Services	537,000
Women's Services	154,000
Adult Services	112,000
Child Welfare Services	1,362,000
Foster Care	2,399,000
Temporary Cash Assistance	14,000

Senior Citizen Services

Long-term Care	133,000
Community Services	27,000

Note: Homeless services and a portion of women's services funding support services in Calvert, Charles, and St. Mary's counties.

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

Calvert Country School – renovations (HVAC)	\$776,000
Patuxent High School – renovations (HVAC)	446,000
Southern Middle School – renovations (HVAC)	233,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Twin Beaches Library – construction	300,000
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College of Southern Maryland

Campuswide – facilities renewal	475,000
Hughesville – Health Sciences Center	7,316,000

Local Jails and Detention Centers

County Detention Center – site and security improvements	249,000
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Program Open Space

Park acquisition and development	680,778
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Waterway Improvement

Chesapeake Beach – maintenance dredging and pier repairs	240,000
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Other Projects

Calvert Marine Museum	250,000
St. John Vianney Inter-Faith Food Pantry	125,000

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

Jefferson Patterson Park and Museum – Patterson Center	\$3,875,000
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Maryland Department of Planning

Maryland Archeological Conservation Laboratory – expansion and renovation	668,000
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Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$30,009	\$31,353	\$1,345	4.5%
Compensatory Education	15,323	16,120	797	5.2%
Student Transportation	2,753	2,960	207	7.5%
Special Education	2,842	3,020	178	6.2%
Limited English Proficiency Grants	2,462	2,771	309	12.6%
Guaranteed Tax Base	1,741	1,827	86	4.9%
Kirwan Commission – Blueprint Funding	0	3,654	3,654	n/a
Prekindergarten Grants	868	1,986	1,118	128.8%
Other Education Aid	828	828	0	0.0%
<i>Primary and Secondary Education</i>	<i>\$56,826</i>	<i>\$64,518</i>	<i>\$7,692</i>	<i>13.5%</i>
Libraries	\$317	\$334	\$17	5.4%
Community Colleges	1,689	1,791	102	6.0%
Health Formula Grant	831	892	61	7.3%
Transportation ¹	1,377	1,570	194	14.1%
Police and Public Safety ¹	336	340	5	1.4%
Fire and Rescue Aid ¹	304	304	0	0.0%
Disparity Grant	2,132	3,301	1,169	54.8%
Teachers Retirement Supplemental Grant	685	685	0	0.0%
Total Direct Aid	\$64,495	\$73,735	\$9,240	14.3%
Aid Per Capita (\$)	\$1,943	\$2,221	\$278	14.3%
Property Tax Equivalent (\$)	2.43	2.77	0.34	14.1%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be \$5,094,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$30,438,000
Family Health and Chronic Disease	468,000
Developmental Disabilities	8,335,000
Behavioral Health Services	5,955,000

Social Services

Homeless Services	494,000
Women's Services	33,000
Adult Services	117,000
Child Welfare Services	1,351,000
Foster Care	918,000
Temporary Cash Assistance	22,000

Senior Citizen Services

Long-term Care	394,000
Community Services	97,000

Note: Homeless services and a portion of women's services funding support services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Schools*

Greensboro Elementary School – construction \$9,344,500

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Federally Qualified Health Centers Grant Program

Choptank Community Health System, Inc. 1,253,000

Program Open Space

Park acquisition and development 296,799

Community Parks and Playgrounds

Marina Park Fit-Trail Stations 7,000

Marydel Community Park 200,000

Waterway Improvement

Crouse Park – parking lot paving 99,000

Marina Park – bulkhead repair 30,000

Other Projects

Caroline County – public high school tracks 325,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Martinak State Park – bulkhead/dock design and replacement \$75,000

Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$93,046	\$94,691	\$1,645	1.8%
Compensatory Education	14,273	14,252	-21	-0.1%
Student Transportation	10,014	10,674	660	6.6%
Special Education	10,598	10,866	268	2.5%
Limited English Proficiency Grants	1,093	1,148	55	5.0%
Declining Enrollment Grants	263	263	0	0.1%
Geographic Cost of Education Index	2,466	2,517	51	2.1%
Kirwan Commission – Blueprint Funding	0	4,591	4,591	n/a
Prekindergarten Grants	32	74	41	128.8%
Other Education Aid	617	614	-3	-0.5%
<i>Primary and Secondary Education</i>	<i>\$132,403</i>	<i>\$139,691</i>	<i>\$7,288</i>	<i>5.5%</i>
Libraries	\$1,032	\$1,069	\$36	3.5%
Community Colleges	9,164	9,169	6	0.1%
Health Formula Grant	1,799	1,933	134	7.4%
Transportation ¹	4,242	4,829	587	13.8%
Police and Public Safety ¹	1,585	1,597	12	0.7%
Fire and Rescue Aid ¹	388	388	0	0.0%
Total Direct Aid	\$150,614	\$158,676	\$8,062	5.4%
Aid Per Capita (\$)	\$898	\$946	\$48	5.4%
Property Tax Equivalent (\$)	0.75	0.77	0.02	2.7%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be \$22,056,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$73,209,000
Family Health and Chronic Disease	754,000
Developmental Disabilities	14,875,000
Behavioral Health Services	16,376,000

Social Services

Homeless Services	191,000
Women's Services	139,000
Adult Services	98,000
Child Welfare Services	2,301,000
Foster Care	2,771,000
Temporary Cash Assistance	24,000

Senior Citizen Services

Long-term Care	263,000
Community Services	69,000

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

Cranberry Station Elementary School – renovations (roof)	\$757,000
Westminster High School – science facilities	1,135,000
Winfield Elementary School – renovations (mechanical)	3,425,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Westminster Library – renovation	800,000
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Carroll Community College

Campuswide – systemic renovations	227,000
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Program Open Space

Park acquisition and development	1,528,723
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Community Parks and Playgrounds

Bollinger Park	150,000
Cooper Park	150,000

Chesapeake Bay Restoration Fund

Countywide – stormwater management restoration projects	2,475,000
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Water Supply Financial Assistance Program

New Windsor – water storage tanks	250,000
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Other Projects

Boys and Girls Club of Westminster	50,000
Carroll County – turf field	200,000
Carroll Hospice – Dove House	650,000
Carroll Hospital Center	800,000

D. Capital Projects for State Facilities in the County

Military Department

Freedom Readiness Center	\$3,015,000
Freedom Readiness Center (federal funds)	1,635,000

Maryland Environmental Service

Central Correctional Facility – sewer system improvements	65,000
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Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$67,468	\$67,616	\$148	0.2%
Compensatory Education	23,229	23,141	-88	-0.4%
Student Transportation	5,292	5,672	380	7.2%
Special Education	8,093	8,495	402	5.0%
Limited English Proficiency Grants	1,123	1,310	187	16.6%
Guaranteed Tax Base	679	0	-679	-100.0%
Declining Enrollment Grants	1,181	931	-251	-21.2%
Kirwan Commission – Blueprint Funding	0	4,198	4,198	n/a
Other Education Aid	828	828	0	0.0%
Primary and Secondary Education	\$107,892	\$112,190	\$4,298	4.0%
Libraries	\$840	\$867	\$27	3.2%
Community Colleges	6,813	6,833	19	0.3%
Health Formula Grant	1,215	1,317	102	8.4%
Transportation ¹	2,344	2,640	296	12.6%
Police and Public Safety ¹	1,001	1,008	6	0.6%
Fire and Rescue Aid ¹	309	309	0	0.0%
Disparity Grant	1,058	1,504	446	42.1%
Gaming Impact Aid	4,294	4,359	65	1.5%
Total Direct Aid	\$125,766	\$131,026	\$5,260	4.2%
Aid Per Capita (\$)	\$1,224	\$1,275	\$51	4.2%
Property Tax Equivalent (\$)	1.21	1.22	0.01	1.4%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be \$14,380,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$72,805,000
Family Health and Chronic Disease	454,000
Developmental Disabilities	10,332,000
Behavioral Health Services	12,825,000

Social Services

Homeless Services	121,000
Women's Services	108,000
Adult Services	133,000
Child Welfare Services	2,959,000
Foster Care	4,935,000
Temporary Cash Assistance	68,000

Senior Citizen Services

Long-term Care	164,000
Community Services	78,000

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

Chesapeake City Elementary School – construction	\$2,213,000
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* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

North East Library – construction	1,000,000
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Cecil College

Campuswide – facilities renewal	475,000
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Program Open Space

Park acquisition and development	791,709
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Community Parks and Playgrounds

Fair Green Park	113,000
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Chesapeake Bay Restoration Fund

Perryville WWTP – enhanced nutrient removal	1,000,000
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Port Deposit WWTP – replacement	4,396,000
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Water Supply Financial Assistance Program

Perryville Fire Company – service line	140,000
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Waterway Improvement

Elk River Park – dredging	940,000
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Other Projects

Bee Hive Colonial Village	75,000
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North East Branch Library – Our Town Literacy Center	50,000
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D. Capital Projects for State Facilities in the County

Department of Natural Resources

Elk Neck State Park – Mauldin Mountain day use improvements	\$235,000
Elk Neck State Park – rustic cabin renovations	502,000

Maryland Environmental Service

Elk Neck State Park – water towers	300,000
Fair Hill NRMA – water treatment plant/distribution system upgrades	154,000

Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$117,312	\$122,264	\$4,951	4.2%
Compensatory Education	34,227	35,505	1,278	3.7%
Student Transportation	11,277	11,968	691	6.1%
Special Education	11,114	11,605	491	4.4%
Limited English Proficiency Grants	2,860	3,393	533	18.6%
Guaranteed Tax Base	1,597	2,137	541	33.9%
Geographic Cost of Education Index	3,686	3,812	127	3.4%
Kirwan Commission – Blueprint Funding	0	7,076	7,076	n/a
Prekindergarten Grants	44	100	56	128.8%
Other Education Aid	1,662	1,647	-15	-0.9%
Primary and Secondary Education	\$183,779	\$199,508	\$15,728	8.6%
Libraries	\$1,107	\$1,163	\$56	5.1%
Community Colleges	9,259	9,386	127	1.4%
Health Formula Grant	1,597	1,718	121	7.6%
Transportation ¹	2,661	2,917	255	9.6%
Police and Public Safety ¹	1,377	1,395	18	1.3%
Fire and Rescue Aid ¹	383	383	0	0.0%
Total Direct Aid	\$200,163	\$216,469	\$16,306	8.1%
Aid Per Capita (\$)	\$1,253	\$1,355	\$102	8.1%
Property Tax Equivalent (\$)	1.11	1.15	0.04	4.0%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be \$23,494,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$67,738,000
Family Health and Chronic Disease	856,000
Developmental Disabilities	7,241,000
Behavioral Health Services	14,278,000

Social Services

Homeless Services	537,000
Women’s Services	253,000
Adult Services	147,000
Child Welfare Services	3,538,000
Foster Care	3,371,000
Temporary Cash Assistance	53,000

Senior Citizen Services

Long-term Care	223,000
Community Services	31,000

Note: Homeless services and a portion of women’s services funding support services in Calvert, Charles, and St. Mary’s counties.

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

Benjamin Stoddert Middle School – construction	\$10,948,000
Dr. James Craik Elementary School – construction	1,033,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

College of Southern Maryland

Campuswide – facilities renewal	475,000
Hughesville – Health Sciences Center	7,316,000

Program Open Space

Park acquisition and development	1,402,095
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Other Projects

Benedict Volunteer Fire Department and Rescue Squad	150,000
College of Southern Maryland – Velocity Center	25,000
Indian Head – community recreation center	200,000
Indian Head Center for the Arts	65,000
Lions Camp Merrick	35,000
The Arnold House	75,000

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

Smallwood State Park – concession building upgrades	\$100,000
Smallwood State Park – Sweden Point Marina	1,100,000

Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$23,098	\$23,981	\$883	3.8%
Compensatory Education	12,794	13,502	708	5.5%
Student Transportation	2,535	2,730	195	7.7%
Special Education	1,723	1,872	149	8.7%
Limited English Proficiency Grants	901	931	30	3.4%
Guaranteed Tax Base	1,246	1,413	167	13.4%
Declining Enrollment Grants	0	34	34	0.0%
Kirwan Commission – Blueprint Funding	0	3,760	3,760	n/a
Prekindergarten Grants	307	702	395	128.8%
Other Education Aid	1,298	1,295	-3	-0.2%
Primary and Secondary Education	\$43,902	\$50,221	\$6,319	14.4%
Libraries	\$296	\$309	\$12	4.2%
Community Colleges	1,307	1,204	-103	-7.9%
Health Formula Grant	808	878	70	8.7%
Transportation ¹	1,718	1,957	238	13.9%
Police and Public Safety ¹	376	387	10	2.8%
Fire and Rescue Aid ¹	331	331	0	0.0%
Disparity Grant	2,023	2,023	0	0.0%
Teachers Retirement Supplemental Grant	309	309	0	0.0%
Total Direct Aid	\$51,070	\$57,617	\$6,547	12.8%
Aid Per Capita (\$)	\$1,588	\$1,791	\$204	12.8%
Property Tax Equivalent (\$)	1.77	1.99	0.21	11.9%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be \$4,138,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$33,775,000
Family Health and Chronic Disease	625,000
Developmental Disabilities	2,763,000
Behavioral Health Services	6,981,000

Social Services

Homeless Services	494,000
Women's Services	33,000
Adult Services	173,000
Child Welfare Services	1,624,000
Foster Care	1,430,000
Temporary Cash Assistance	25,000

Senior Citizen Services

Long-term Care	586,000
Community Services	257,000

Note: Homeless services and a portion of women's services funding support services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico and Worcester counties.

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

Cambridge/South Dorchester High School – renovations (security vestibule)	\$113,000
Mace’s Lane Middle School – renovations (security vestibule)	85,000
North Dorchester High School – construction	2,556,000
Vienna Elementary School – renovations (roof)	540,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Program Open Space

Park acquisition and development	253,921
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Water Supply Financial Assistance Program

Secretary – water meter replacement	198,000
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Waterway Improvement

Cambridge – Franklin Street boat ramp improvements	80,000
Cambridge Municipal Marina – repairs and improvements	99,000
Elliott Island Marina – jetty and shoreline improvements	350,000
Hoopersville – boat ramp and bulkhead construction	90,000
Tyler’s Cove – boat ramp and bulkhead construction	90,000
Vienna Waterfront Park – slip improvements	75,000

Coastal Resiliency Program

Hurst Creek – shoreline improvements	1,300,000
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Other Projects

Chesapeake Grove – Senior Housing and Intergenerational Center	200,000
Dorchester Center for the Arts	80,000
Maces Lane Community Center	100,000
Richardson Maritime Museum	20,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$165,055	\$171,209	\$6,154	3.7%
Compensatory Education	35,111	35,632	521	1.5%
Student Transportation	13,015	14,076	1,062	8.2%
Special Education	17,388	18,226	838	4.8%
Limited English Proficiency Grants	9,914	10,695	781	7.9%
Geographic Cost of Education Index	6,910	7,185	275	4.0%
Kirwan Commission – Blueprint Funding	0	8,720	8,720	n/a
Prekindergarten Grants	32	74	41	128.8%
Other Education Aid	1,431	1,434	3	0.2%
<i>Primary and Secondary Education</i>	\$248,855	\$267,250	\$18,395	7.4%
Libraries	\$1,493	\$1,563	\$70	4.7%
Community Colleges	11,393	12,369	976	8.6%
Health Formula Grant	2,246	2,391	145	6.5%
Transportation ¹	6,353	7,419	1,066	16.8%
Police and Public Safety ¹	2,461	2,495	34	1.4%
Fire and Rescue Aid ¹	573	573	0	0.0%
Total Direct Aid	\$273,374	\$294,062	\$20,688	7.6%
Aid Per Capita (\$)	\$1,085	\$1,167	\$82	7.6%
Property Tax Equivalent (\$)	0.88	0.92	0.04	4.4%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be \$35,876,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$108,900,000
Family Health and Chronic Disease	631,000
Developmental Disabilities	46,348,000
Behavioral Health Services	25,864,000

Social Services

Homeless Services	197,000
Women's Services	169,000
Adult Services	185,000
Child Welfare Services	3,760,000
Foster Care	4,040,000
Temporary Cash Assistance	56,000

Senior Citizen Services

Long-term Care	344,000
Community Services	91,000

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

Butterfly Ridge Elementary School – construction	\$4,009,000
Carroll Manor Elementary School – renovations (windows/doors)	419,000
Catoctin High School – renovations (HVAC)	1,620,000
Rock Creek School – construction	1,702,600
Urbana Elementary School – construction	6,000,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Frederick Community College

Building E – renovation and addition	2,538,000
Linganore Hall Building L – renovations	502,000

Program Open Space

Park acquisition and development	1,617,788
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Community Parks and Playgrounds

Emmitsburg Disc Golf Course	14,000
New Market Community Park	200,000

Chesapeake Bay Restoration Fund

Gas House Pike WWTP – enhanced nutrient removal	3,295,000
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Other Projects

Brunswick – emergency operations center	483,000
Brunswick – public works repair	100,000
Brunswick – stormwater tunnel repairs	100,000
Brunswick – Yourtee Springs	100,000
CrossRoads Freedom Center Recovery Housing	100,000
Federated Charities Corporation of Frederick	75,000
Frederick – bocce ball courts	50,000
Frederick – Sophie and Madigan Lillard Memorial Playground	50,000
Frederick County – business innovation center	250,000
Frederick County – detox facility	500,000
Historical Society of Frederick County, Inc.	25,000
Hood College – Beneficial-Hodson Library and Technology Center	2,900,000
Mount St. Mary’s University – Knott Academic Center	2,900,000

Part A – Budget and State Aid

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YMCA of Frederick County

200,000

YMCA South County Complex

400,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$11,680	\$12,440	\$760	6.5%
Compensatory Education	4,458	4,561	103	2.3%
Student Transportation	3,031	3,249	218	7.2%
Special Education	1,002	981	-20	-2.0%
Limited English Proficiency Grants	25	29	4	15.1%
Declining Enrollment Grants	41	0	-41	-100.0%
Kirwan Commission – Blueprint Funding	0	1,104	1,104	n/a
Prekindergarten Grants	820	1,692	872	106.3%
Other Education Aid	1,039	1,042	3	0.3%
<i>Primary and Secondary Education</i>	<i>\$22,095</i>	<i>\$25,098</i>	<i>\$3,003</i>	<i>13.6%</i>
Libraries	\$163	\$169	\$5	3.3%
Community Colleges	4,030	4,127	96	2.4%
Health Formula Grant	776	846	70	9.1%
Transportation ¹	1,715	1,891	176	10.2%
Police and Public Safety ¹	224	223	-1	-0.4%
Fire and Rescue Aid ¹	300	300	0	0.0%
Disparity Grant	2,131	2,131	0	0.0%
Teachers Retirement Supplemental Grant	406	406	0	0.0%
Total Direct Aid	\$31,841	\$35,191	\$3,350	10.5%
Aid Per Capita (\$)	\$1,089	\$1,204	\$115	10.5%
Property Tax Equivalent (\$)	0.70	0.76	0.06	9.6%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be \$3,549,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$23,844,000
Family Health and Chronic Disease	492,000
Developmental Disabilities	2,596,000
Behavioral Health Services	4,743,000

Social Services

Homeless Services	136,000
Women’s Services	246,000
Adult Services	29,000
Child Welfare Services	1,534,000
Foster Care	1,410,000
Temporary Cash Assistance	9,000

Senior Citizen Services

Long-term Care	130,000
Community Services	66,000

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

Southern Garrett High School – renovations (fire safety)	\$241,450
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* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Program Open Space

Park acquisition and development	315,824
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Community Parks and Playgrounds

Leo Martin Memorial Park	159,000
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Other Projects

Garrett College – Community Education and Performing Arts Center	5,500,000
Garrett County – emergency operations center	500,000
Garrett County – high school athletic facilities	1,500,000
Garrett County Historical Society, Inc.	100,000
Grantsville Volunteer Fire Department	200,000
McHenry Business Park	100,000

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

New Germany State Park – day use area/beach improvements	\$1,899,000
New Germany State Park – day use area/beach improvements (federal funds)	1,350,000

Maryland Environmental Service

Meadow Mountain Youth Center – well upgrades	415,000
New Germany State Park – water/wastewater/collection system upgrades	700,000
Swallow Falls State Park – water and wastewater treatment plant upgrades	3,373,000

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$141,639	\$145,571	\$3,932	2.8%
Compensatory Education	34,404	35,045	641	1.9%
Student Transportation	12,879	13,728	849	6.6%
Special Education	19,301	19,967	667	3.5%
Limited English Proficiency Grants	2,238	2,626	388	17.3%
Kirwan Commission – Blueprint Funding	0	8,656	8,656	n/a
Prekindergarten Grants	64	147	83	128.8%
Other Education Aid	955	941	-14	-1.5%
Primary and Secondary Education	\$211,482	\$226,681	\$15,200	7.2%
Libraries	\$1,672	\$1,749	\$77	4.6%
Community Colleges	12,577	12,670	93	0.7%
Health Formula Grant	2,477	2,639	162	6.5%
Transportation ¹	4,467	4,967	500	11.2%
Police and Public Safety ¹	2,850	2,862	12	0.4%
Fire and Rescue Aid ¹	569	569	0	0.0%
Total Direct Aid	\$236,094	\$252,137	\$16,043	6.8%
Aid Per Capita (\$)	\$936	\$1,000	\$64	6.8%
Property Tax Equivalent (\$)	0.81	0.86	0.05	5.5%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be \$32,037,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$119,668,000
Family Health and Chronic Disease	771,000
Developmental Disabilities	15,168,000
Behavioral Health Services	24,111,000

Social Services

Homeless Services	216,000
Women's Services	291,000
Adult Services	180,000
Child Welfare Services	4,007,000
Foster Care	8,532,000
Temporary Cash Assistance	81,000

Senior Citizen Services

Long-term Care	385,000
Community Services	94,000

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

Aberdeen Middle School – renovations (roof)	\$1,076,000
George D. Lisby Elementary School – renovations (HVAC)	3,150,000
Hickory Elementary School – renovations (roof)	686,000
North Bend Elementary School – renovations (chiller/cooling tower)	727,000
Roye-Williams Elementary School – renovations (ceiling)	3,555,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Abingdon Library – renovation	120,000
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Harford Community College

Chesapeake Welcome Center – renovation and addition	857,000
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Program Open Space

Park acquisition and development	2,273,207
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Community Parks and Playgrounds

Plumtree Park	42,000
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Waterway Improvement

Mariner Point Park – remediation of dredge material placement site	100,000
Otter Point Creek – boat ramp repairs and pier replacement	165,000

Hazardous Substance Cleanup Program

Former Ames Shopping Plaza – hazardous waste remediation	115,000
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Other Projects

Chesapeake Therapeutic Riding, Inc.	100,000
Habitat for Humanity Susquehanna, Inc.	100,000
Harford County – National Center for Manufacturing Sciences	875,000
Harford Crisis Center, Inc.	750,000
Jericho Road Stone Bank Barn	250,000
Maryland Center for the Arts	125,000
Ripken Stadium	300,000

D. Capital Projects for State Facilities in the County

Military Department

Havre de Grace Surface Equipment/Auto Maintenance Facility	\$1,552,000
Havre de Grace Surface Equipment/Auto Maintenance Facility (federal funds)	24,533,000

Department of Natural Resources

Susquehanna State Park – carriage barn renovations and sitework	218,000
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Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$173,587	\$183,890	\$10,302	5.9%
Compensatory Education	31,926	33,848	1,923	6.0%
Student Transportation	18,155	19,740	1,585	8.7%
Special Education	16,558	17,409	851	5.1%
Limited English Proficiency Grants	9,322	10,352	1,030	11.1%
Geographic Cost of Education Index	5,868	6,129	261	4.4%
Kirwan Commission – Blueprint Funding	0	8,732	8,732	n/a
Prekindergarten Grants	230	525	296	128.8%
Other Education Aid	1,538	1,446	-92	-6.0%
Primary and Secondary Education	\$257,184	\$282,071	\$24,886	9.7%
Libraries	\$983	\$1,028	\$44	4.5%
Community Colleges	20,832	21,801	970	4.7%
Health Formula Grant	1,848	1,971	124	6.7%
Transportation	3,953	4,136	183	4.6%
Police and Public Safety	3,838	3,881	43	1.1%
Fire and Rescue Aid	617	617	0	0.0%
Gaming Impact Aid	89	89	0	0.0%
Total Direct Aid	\$289,345	\$315,595	\$26,250	9.1%
Aid Per Capita (\$)	\$901	\$983	\$82	9.1%
Property Tax Equivalent (\$)	0.55	0.58	0.03	6.5%

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be \$65,027,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$124,649,000
Family Health and Chronic Disease	736,000
Developmental Disabilities	52,360,000
Behavioral Health Services	23,185,000

Social Services

Homeless Services	139,000
Women's Services	103,000
Adult Services	33,000
Child Welfare Services	3,278,000
Foster Care	2,775,000
Temporary Cash Assistance	57,000

Senior Citizen Services

Long-term Care	369,000
Community Services	39,000

C. Selected State Grants for Capital Projects

Public Schools*

Fulton Elementary School – renovations (HVAC)	\$629,000
Murray Hill Middle School – renovations (roof)	395,500
Pointers Run Elementary School – renovations (roof)	663,000
Supplemental Capital Grant Program for Local School Systems	5,462,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Howard Community College

Mathematics and Athletics Complex – construction	1,412,000
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Program Open Space

Park acquisition and development	4,044,108
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Comprehensive Flood Mitigation Program

Ellicott City	3,400,000
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Other Projects

Carroll Baldwin Hall	100,000
Carrollton Hall Restoration	50,000
Community Action Council – Early Childhood Education Center	50,000
Gateway Innovation Center	200,000
Harriet Tubman Community Center and Museum	300,000
Howard County – Barnard Fort House	50,000
Howard County General Hospital	347,000
iHomes, Inc.	100,000
Linwood Center	100,000
Merriweather Post Pavilion	2,000,000
Sheppard Pratt Hospital	2,000,000

D. Capital Projects for State Facilities in the County

Maryland Department of Health

Perkins Hospital Center – north wing renovation	\$2,297,000
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Other

School for the Deaf – Columbia Campus emergency notification system	325,000
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Kent County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$3,611	\$3,315	-\$297	-8.2%
Compensatory Education	2,703	2,771	68	2.5%
Student Transportation	1,594	1,699	105	6.6%
Special Education	855	884	29	3.4%
Limited English Proficiency Grants	173	201	27	15.8%
Declining Enrollment Grants	113	276	163	145.1%
Geographic Cost of Education Index	132	130	-2	-1.4%
Kirwan Commission – Blueprint Funding	0	311	311	n/a
Prekindergarten Grants	128	140	11	8.9%
Other Education Aid	746	748	2	0.3%
Primary and Secondary Education	\$10,056	\$10,474	\$418	4.2%
Libraries	\$103	\$105	\$2	2.3%
Community Colleges	554	556	2	0.3%
Health Formula Grant	663	742	79	11.9%
Transportation ¹	794	899	106	13.3%
Police and Public Safety ¹	200	195	-4	-2.2%
Fire and Rescue Aid ¹	311	311	0	0.0%
Total Direct Aid	\$12,680	\$13,282	\$602	4.7%
Aid Per Capita (\$)	\$654	\$685	\$31	4.7%
Property Tax Equivalent (\$)	0.43	0.44	0.01	3.9%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be \$1,871,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$14,720,000
Family Health and Chronic Disease	541,000
Developmental Disabilities	3,096,000
Behavioral Health Services	4,032,000

Social Services

Homeless Services	494,000
Women's Services	33,000
Adult Services	68,000
Child Welfare Services	726,000
Foster Care	457,000
Temporary Cash Assistance	11,000

Senior Citizen Services

Long-term Care	394,000
Community Services	97,000

Note: Homeless services and a portion of women's services funding support services in Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Schools*

Galena Elementary School – renovations (security)	\$56,000
Rock Hall Elementary School – renovations (roof/HVAC)	1,057,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Program Open Space

Park acquisition and development	190,718
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Community Parks and Playgrounds

Sixth Avenue Park	200,000
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Water Supply Financial Assistance Program

Rock Hall – water meter system upgrade	669,000
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Waterway Improvement

Bayside Landing Marina – renovation	430,000
Chestertown Marina – slip dredging and basin improvements	245,000

Other Projects

Echo Hill Outdoor School	150,000
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D. Capital Projects for State Facilities in the County

Department of Natural Resources

Sassafras NRMA – day use area improvements	\$2,919,000
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Montgomery County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$351,745	\$368,197	\$16,452	4.7%
Compensatory Education	141,593	143,061	1,468	1.0%
Student Transportation	43,245	46,449	3,205	7.4%
Special Education	59,535	61,642	2,107	3.5%
Limited English Proficiency Grants	73,546	76,847	3,300	4.5%
Geographic Cost of Education Index	37,712	38,902	1,190	3.2%
Kirwan Commission – Blueprint Funding	0	24,424	24,424	n/a
Prekindergarten Grants	565	1,294	728	128.8%
Other Education Aid	4,349	4,420	71	1.6%
<i>Primary and Secondary Education</i>	<i>\$712,289</i>	<i>\$765,236</i>	<i>\$52,947</i>	<i>7.4%</i>
Libraries	\$3,236	\$3,388	\$152	4.7%
Community Colleges	51,668	52,480	812	1.6%
Health Formula Grant	4,039	4,148	109	2.7%
Transportation ¹	13,016	14,710	1,694	13.0%
Police and Public Safety ¹	16,304	16,532	229	1.4%
Fire and Rescue Aid ¹	1,952	1,952	0	0.0%
Total Direct Aid	\$802,504	\$858,448	\$55,943	7.0%
Aid Per Capita (\$)	\$758	\$811	\$53	7.0%
Property Tax Equivalent (\$)	0.41	0.43	0.02	3.5%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be \$177,104,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$439,627,000
Family Health and Chronic Disease	1,525,000
Developmental Disabilities	115,510,000
Behavioral Health Services	88,546,000

Social Services

Homeless Services	431,000
Women’s Services	103,000
Adult Services	621,000
Child Welfare Services	1,000
Foster Care	15,561,000
Temporary Cash Assistance	165,000

Senior Citizen Services

Long-term Care	1,606,000
Community Services	345,000

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

Colonel Zadok Magruder High School – renovations (roof)	\$174,000
Diamond Elementary School – renovations (HVAC)	355,000
Dr. Martin Luther King Jr. Middle School – renovations (roof)	430,000
Fallsmead Elementary School – renovations (HVAC)	309,000
Flower Valley Elementary School – renovations (roof)	258,000
Kemp Mill Elementary School – renovations (roof)	226,000
Lucy V. Barnsley Elementary School – construction	156,000
Luxmanor Elementary School – construction	6,921,000
Montgomery Knolls Elementary School – renovations (HVAC)	422,000
Potomac Elementary School – construction	2,826,000
Rosemont Elementary School – renovations (roof)	177,000
Seneca Valley High School – construction	10,273,229
Sherwood Elementary School – renovations (roof)	261,000
Thomas Edison High School of Technology – construction	4,229,000
Supplemental Capital Grant Program for Local School Systems	25,903,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Montgomery College

Campuswide – facilities renewal	475,000
Takoma Park/Silver Spring – Math and Science Center	6,500,000

Community Health Facilities Grant Program

Cornerstone Montgomery, Inc.	1,500,000
Main Street Connect, Inc.	885,000

Program Open Space

Park acquisition and development	10,202,560
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Other Projects

A Wider Circle Community Services Center	500,000
Black Hill SEED Classroom Building	250,000
Boys and Girls Clubs of Greater Washington	91,000
Brooke Grove Retirement Village	100,000
Brookville – Market Street improvements	100,000
Centerway Local Park	250,000
Charles E. Smith Life Communities	235,000

Part A – Budget and State Aid

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Columbia Local Park	200,000
Cornerstone Montgomery, Inc.	100,000
EveryMind, Inc.	75,000
Friends House Retirement Community, Inc.	100,000
Gaithersburg – police station	1,000,000
Guru Nanak Health Clinic	100,000
Holy Cross Hospital	600,000
Imagination Stage	550,000
Jewish Foundation for Group Homes, Inc.	100,000
Josiah Henson Park	250,000
KID Museum	300,000
Laytonsville – Dolores R. Miller Park	15,000
Manna Food Center, Inc.	150,000
Montgomery County – Avery Road Treatment Center	525,000
Montgomery County Humane Society	150,000
Olney Theatre	500,000
Ovid Hazen Wells Recreational Park	200,000
Poolesville Grape Crushing Economic Development Facility	1,000,000
Round House Theatre	500,000
Sandy Spring Museum	50,000
Sunflower Bakery, Inc.	75,000
Takoma Park – library	150,000
Woodend Nature Sanctuary	250,000
YMCA Bethesda-Chevy Chase	300,000

Prince George’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$589,413	\$600,574	\$11,160	1.9%
Compensatory Education	286,326	289,088	2,762	1.0%
Student Transportation	41,559	44,369	2,810	6.8%
Special Education	67,252	68,342	1,090	1.6%
Limited English Proficiency Grants	107,415	113,919	6,504	6.1%
Guaranteed Tax Base	1,294	0	-1,294	-100.0%
Geographic Cost of Education Index	43,073	44,290	1,218	2.8%
Kirwan Commission – Blueprint Funding	0	53,628	53,628	n/a
Prekindergarten Grants	1,029	2,355	1,326	128.8%
Other Education Aid	3,157	3,157	0	0.0%
Primary and Secondary Education	\$1,140,518	\$1,219,722	\$79,204	6.9%
Libraries	\$7,477	\$7,628	\$151	2.0%
Community Colleges	31,882	33,924	2,042	6.4%
Health Formula Grant	6,478	6,666	188	2.9%
Transportation ¹	13,282	15,265	1,983	14.9%
Police and Public Safety ¹	19,774	19,921	147	0.7%
Fire and Rescue Aid ¹	1,698	1,698	0	0.0%
Disparity Grant	34,100	36,197	2,097	6.1%
Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0%
Gaming Impact Aid	27,405	27,526	121	0.4%
Total Direct Aid	\$1,292,242	\$1,378,175	\$85,933	6.6%
Aid Per Capita (\$)	\$1,416	\$1,510	\$94	6.6%
Property Tax Equivalent (\$)	1.35	1.37	0.02	1.5%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be \$122,819,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$496,542,000
Family Health and Chronic Disease	16,967,000
Developmental Disabilities	139,801,000
Behavioral Health Services	83,192,000

Social Services

Homeless Services	628,000
Women's Services	262,000
Adult Services	666,000
Child Welfare Services	11,483,000
Foster Care	20,186,000
Temporary Cash Assistance	263,000

Senior Citizen Services

Long-term Care	1,256,000
Community Services	273,000

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

Glenridge Area Middle School – construction	\$6,438,621
James Madison Middle School – renovations (HVAC)	3,700,000
Patuxent Elementary School – renovations (HVAC)	2,606,000
Stephen Decatur Middle School – construction	483,000
Supplemental Capital Grant Program for Local School Systems	18,088,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Prince George’s Community College

Campuswide – facilities renewal	475,000
Largo Student Center – renovation and addition	1,567,000
Marlboro Hall – renovation and addition	12,276,000

Federally Qualified Health Centers Grant Program

Greater Baden Medical Services, Inc.	1,000,000
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Program Open Space

Park acquisition and development	8,757,445
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Community Parks and Playgrounds

Hyatt Park	125,000
Upper Marlboro Community Playground	200,000

Chesapeake Bay Restoration Fund

Beaverdam Basin – sanitary sewer reconstruction	3,843,000
Cheltenham Boy’s Village Youth Facility – wastewater treatment plant	3,018,000

Hazardous Substance Cleanup Program

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

Eagle Harbor – shoreline improvements	100,000
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Other Projects

Allentown Splash, Tennis and Fitness Park	150,000
American Legion – Southern Maryland District Youth Camp	250,000
Bowie – Huntington Heritage Society	300,000
Camp Springs Elks Lodge No. 2332	25,000
Central Park – amphitheatre	250,000
Champ House	50,000
College Park – city hall	500,000
College Park Woods – community facility	200,000
College Park Woods – neighborhood park	200,000
Doctors Community Hospital	250,000
ECO City Farms	100,000
Forest Heights – safe route to school project	125,000
Fraternal Order of Police Lodge 89	25,000
Girl Scouts of Central Maryland	50,000
Greater Washington Community Foundation – Benjamin Tasker Middle School	25,000
Greenbelt Consumer Cooperative, Inc.	350,000
Hillel Center for Social Justice	1,000,000
Lake Arbor Foundation, Inc.	150,000
Laurel – multi-service center	325,000
Laurel – Turney Recreational Complex	250,000
Laurel Advocacy and Referral Services, Inc.	17,000
Maryland-National Park and Planning Comm. – College Park property acquisition	500,000
MedStar Southern Maryland Hospital Center	500,000
Morningside Volunteer Fire Department	325,000
Mount Rainier – library	50,000
North Brentwood – Sis’s Tavern	125,000
North Brentwood – stormwater remediation	250,000
Prince George’s Arts and Humanities Council, Inc. – public art projects	150,000
Prince George’s County – Baden Library	250,000
Prince George’s County – high school athletic facilities	3,100,000
Prince George’s County – public school electronic signs	105,000
Prince George’s Pride Lacrosse, Inc. – indoor sport facility	600,000
The Arc of Prince George’s County	250,000
University Park – town hall	200,000
Upper Marlboro – welcome center	175,000
VFW Free State Post 8950 – Aquaculture Training Center	250,000
White Rose Foundation, Inc.	250,000

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

Cheltenham Veterans Cemetery – expansion (federal funds)	\$11,538,000
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Department of Natural Resources

Fort Washington Marina – dredge engineering	250,000
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University System of Maryland

Bowie State – Communication Arts and Humanities Building	5,100,000
Bowie State – Robinson Hall	1,400,000
College Park – Chemistry Building	4,663,000
College Park – Cole Field House	3,941,000
College Park – high rise residence hall air conditioning	1,500,000
College Park – north campus dining hall replacement	29,650,000
College Park – residence halls construction	26,500,000
College Park – Rossborough Lane Parking Garage	9,000,000
College Park – School of Public Policy	12,500,000

Other

University of Maryland Medical System – Capital Region Medical Center	56,200,000
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Queen Anne’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$22,527	\$22,787	\$260	1.2%
Compensatory Education	5,066	5,092	26	0.5%
Student Transportation	3,438	3,676	237	6.9%
Special Education	2,000	1,999	-1	0.0%
Limited English Proficiency Grants	686	843	157	22.9%
Geographic Cost of Education Index	586	597	12	2.0%
Kirwan Commission – Blueprint Funding	0	1,372	1,372	n/a
Prekindergarten Grants	429	981	553	128.8%
Other Education Aid	1,090	1,090	0	0.0%
<i>Primary and Secondary Education</i>	\$35,823	\$38,442	\$2,619	7.3%
Libraries	\$175	\$192	\$16	9.4%
Community Colleges	2,167	2,182	15	0.7%
Health Formula Grant	640	695	56	8.7%
Transportation ¹	1,451	1,590	139	9.6%
Police and Public Safety ¹	435	442	7	1.7%
Fire and Rescue Aid ¹	300	300	0	0.0%
Total Direct Aid	\$40,991	\$43,843	\$2,852	7.0%
Aid Per Capita (\$)	\$824	\$881	\$57	7.0%
Property Tax Equivalent (\$)	0.50	0.53	0.03	5.7%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Queen Anne’s County for teachers, librarians, and community college faculty are estimated to be \$6,538,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$21,777,000
Family Health and Chronic Disease	473,000
Developmental Disabilities	2,438,000
Behavioral Health Services	5,129,000

Social Services

Homeless Services	494,000
Women’s Services	33,000
Adult Services	53,000
Child Welfare Services	962,000
Foster Care	341,000
Temporary Cash Assistance	10,000

Senior Citizen Services

Long-term Care	126,000
Community Services	31,000

Note: Homeless services and a portion of women’s services funding support services in Caroline, Dorchester, Kent, Queen Anne’s, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Schools*

Bayside Elementary School – renovations (roof)	\$186,000
Church Hill Elementary School – renovations (fire safety)	85,000
Kent Island Elementary School – renovations (roof)	234,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Kent Island Library – renovation and expansion	1,000,000
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Local Jails and Detention Centers

County Detention Center – addition and renovations	678,000
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Program Open Space

Park acquisition and development	412,369
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Waterway Improvement

Deep Landing – bulkhead replacement	125,000
Grasonville Volunteer Fire Department – fire pump and generator	12,500
Queenstown – slip dredging	50,000

Other Projects

Chesapeake Bay Environmental Center	175,000
Queen Anne’s County – high school synthetic turf fields	250,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Love Point State Park – design for facility upgrades	\$200,000
Matapeake Marine Terminal – replace gas dock and fuel system	100,000

Maryland Environmental Service

Eastern Pre-Release Facility – wastewater treatment plant improvements	881,000
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St. Mary’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$73,565	\$75,306	\$1,741	2.4%
Compensatory Education	18,259	18,866	607	3.3%
Student Transportation	7,125	7,587	463	6.5%
Special Education	6,243	6,484	240	3.8%
Limited English Proficiency Grants	1,039	1,083	44	4.3%
Declining Enrollment Grants	0	430	430	0.0%
Geographic Cost of Education Index	242	247	4	1.8%
Kirwan Commission – Blueprint Funding	0	3,925	3,925	n/a
Prekindergarten Grants	64	147	83	128.8%
Other Education Aid	713	713	0	0.0%
Primary and Secondary Education	\$107,250	\$114,788	\$7,538	7.0%
Libraries	\$772	\$807	\$34	4.4%
Community Colleges	3,155	3,320	164	5.2%
Health Formula Grant	1,131	1,193	62	5.5%
Transportation ¹	2,039	2,171	132	6.5%
Police and Public Safety ¹	958	960	2	0.2%
Fire and Rescue Aid ¹	300	300	0	0.0%
Total Direct Aid	\$115,606	\$123,539	\$7,932	6.9%
Aid Per Capita (\$)	\$1,026	\$1,096	\$70	6.9%
Property Tax Equivalent (\$)	0.91	0.97	0.06	6.4%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for St. Mary’s County for teachers, librarians, and community college faculty are estimated to be \$14,405,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$56,645,000
Family Health and Chronic Disease	592,000
Developmental Disabilities	3,093,000
Behavioral Health Services	11,668,000

Social Services

Homeless Services	537,000
Women’s Services	154,000
Adult Services	107,000
Child Welfare Services	2,375,000
Foster Care	2,822,000
Temporary Cash Assistance	75,000

Senior Citizen Services

Long-term Care	162,000
Community Services	63,000

Note: Homeless services and a portion of women’s services funding support services in Calvert, Charles, and St. Mary’s counties.

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

Great Mills High School – renovations (roof)	\$662,000
Green Holly Elementary School – renovations (HVAC)	1,447,600
Hollywood Elementary School – renovations (roof/HVAC/fire safety)	671,000
Park Hall Elementary School – relocatable classrooms	9,000
Park Hall Elementary School – renovations (HVAC/roof)	686,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

College of Southern Maryland

Campuswide – facilities renewal	475,000
Hughesville – Health Sciences Center	7,316,000

Local Jails and Detention Centers

County Detention Center – housing and medical units upgrades	5,511,000
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Program Open Space

Park acquisition and development	768,816
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Coastal Resiliency Program

St. Catherine’s Island – shoreline improvements	65,000
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Other Projects

Innovative Center for Autonomous Systems	500,000
Three Notch Theater	100,000

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

Historic St. Mary’s Commission – facilities renewal	\$1,000,000
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Maryland Environmental Service

St. Mary’s College – water distribution and treatment facilities improvements	1,447,000
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Historic St. Mary’s City Commission

Maryland Dove 2,500,000

St. Mary’s College of Maryland

Academic Building and Auditorium – construction 13,208,000

Campuswide – infrastructure improvements 3,763,000

University System of Maryland

Southern Maryland Regional Higher Education Center 11,953,000

Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$14,208	\$14,848	\$640	4.5%
Compensatory Education	10,117	10,461	345	3.4%
Student Transportation	1,939	2,074	135	7.0%
Special Education	1,766	1,931	165	9.3%
Limited English Proficiency Grants	666	637	-29	-4.4%
Guaranteed Tax Base	1,711	1,626	-85	-5.0%
Declining Enrollment Grants	302	39	-263	-87.2%
Kirwan Commission – Blueprint Funding	0	1,943	1,943	n/a
Prekindergarten Grants	1,273	2,129	856	67.3%
Other Education Aid	554	554	0	0.0%
<i>Primary and Secondary Education</i>	<i>\$32,536</i>	<i>\$36,242</i>	<i>\$3,706</i>	<i>11.4%</i>
Libraries	\$303	\$314	\$11	3.7%
Community Colleges	841	911	70	8.3%
Health Formula Grant	637	702	64	10.1%
Transportation ¹	944	1,032	88	9.3%
Police and Public Safety ¹	243	242	-1	-0.5%
Fire and Rescue Aid ¹	309	309	0	0.0%
Disparity Grant	5,176	5,429	253	4.9%
Teachers Retirement Supplemental Grant	382	382	0	0.0%
Total Direct Aid	\$41,372	\$45,562	\$4,190	10.1%
Aid Per Capita (\$)	\$1,596	\$1,758	\$162	10.1%
Property Tax Equivalent (\$)	2.78	3.12	0.34	12.4%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be \$3,048,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$27,186,000
Family Health and Chronic Disease	524,000
Developmental Disabilities	9,430,000
Behavioral Health Services	5,873,000

Social Services

Homeless Services	341,000
Women’s Services	79,000
Adult Services	59,000
Child Welfare Services	1,638,000
Foster Care	837,000
Temporary Cash Assistance	28,000

Senior Citizen Services

Long-term Care	586,000
Community Services	257,000

Note: Homeless services and a portion of women’s services funding support 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	\$2,371,000
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* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Program Open Space

Park acquisition and development	182,245
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Waterway Improvement

Dames Quarter – bulkhead replacement	99,000
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Smith Island – sheep pen gut dredging	500,000
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St. Peters Creek – bulkhead replacement	99,000
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Coastal Resiliency Program

Deal Island – shoreline improvements	100,000
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Other Projects

Crisfield Customs House	60,000
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Somerset County – visitor center	500,000
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D. Capital Projects for State Facilities in the County**Department of Natural Resources**

Janes Island State Park – boat ramp repair and transient slip construction	\$75,000
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Janes Island State Park – cabin replacement and sitework	1,899,000
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Somers Cove Marina – bulkhead/bath house/electric trunk line improvements	996,000
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Maryland Environmental Service

Eastern Correctional Institution – co-generation plant upgrades	1,193,000
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University System of Maryland

Eastern Shore – campus flood mitigation	1,008,000
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Eastern Shore – School of Pharmacy and Allied Health Professions	10,015,000
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Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$4,669	\$4,777	\$108	2.3%
Compensatory Education	5,357	5,520	163	3.0%
Student Transportation	1,732	1,843	110	6.4%
Special Education	1,127	1,155	28	2.5%
Limited English Proficiency Grants	895	1,165	270	30.1%
Kirwan Commission – Blueprint Funding	0	666	666	n/a
Other Education Aid	512	507	-5	-1.1%
Primary and Secondary Education	\$14,293	\$15,631	\$1,339	9.4%
Libraries	\$116	\$119	\$3	2.7%
Community Colleges	1,859	1,827	-33	-1.8%
Health Formula Grant	601	642	40	6.7%
Transportation ¹	1,930	2,191	261	13.5%
Police and Public Safety ¹	422	420	-1	-0.3%
Fire and Rescue Aid ¹	344	344	0	0.0%
Total Direct Aid	\$19,564	\$21,173	\$1,609	8.2%
Aid Per Capita (\$)	\$527	\$571	\$43	8.2%
Property Tax Equivalent (\$)	0.23	0.25	0.02	7.2%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be \$3,833,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$23,399,000
Family Health and Chronic Disease	564,000
Developmental Disabilities	2,824,000
Behavioral Health Services	4,920,000

Social Services

Homeless Services	494,000
Women's Services	33,000
Adult Services	63,000
Child Welfare Services	1,218,000
Foster Care	840,000
Temporary Cash Assistance	13,000

Senior Citizen Services

Long-term Care	394,000
Community Services	121,000

Note: Homeless services and a portion of women's services funding support services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. 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 \$6,925,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Program Open Space

Park acquisition and development 432,013

Community Parks and Playgrounds

Easton Point Park 200,000

Oxford Community Central Park 122,000

Chesapeake Bay Restoration Fund

Oxford WWTP – enhanced nutrient removal 4,426,000

Region II – sewer system extension 6,360,000

Waterway Improvement

Dogwood Harbor – finger pier 15,000

Oxford – dinghy dock 25,000

Oxford Volunteer Fire Department – fire rescue boat 50,000

Skipton Landing – dock replacement 55,000

St. Michaels – marina restroom construction and slip improvements 60,000

Tongers Basin – bulkhead repairs 55,000

Coastal Resiliency Program

Oxford – shoreline and stormwater enhancements 200,000

Other Projects

American Legion Post 77 50,000

Chesapeake Bay Maritime Museum 250,000

St. Michaels Family YMCA Senior Center 250,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$105,523	\$108,397	\$2,874	2.7%
Compensatory Education	45,484	45,733	248	0.5%
Student Transportation	7,421	7,935	514	6.9%
Special Education	9,398	10,091	693	7.4%
Limited English Proficiency Grants	2,429	2,877	447	18.4%
Guaranteed Tax Base	7,076	7,644	568	8.0%
Declining Enrollment Grants	0	581	581	n/a
Kirwan Commission – Blueprint Funding	0	9,457	9,457	n/a
Prekindergarten Grants	429	981	553	128.8%
Other Education Aid	1,500	1,488	-12	-0.8%
<i>Primary and Secondary Education</i>	<i>\$179,260</i>	<i>\$195,182</i>	<i>\$15,922</i>	<i>8.9%</i>
Libraries	\$1,361	\$1,417	\$56	4.1%
Community Colleges	9,564	10,045	481	5.0%
Health Formula Grant	1,965	2,121	156	7.9%
Transportation ¹	4,033	4,503	470	11.7%
Police and Public Safety ¹	1,524	1,504	-19	-1.3%
Fire and Rescue Aid ¹	338	338	0	0.0%
Disparity Grant	1,903	2,060	158	8.3%
Total Direct Aid	\$199,946	\$217,171	\$17,224	8.6%
Aid Per Capita (\$)	\$1,328	\$1,442	\$114	8.6%
Property Tax Equivalent (\$)	1.54	1.64	0.10	6.5%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be \$18,908,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$125,939,000
Family Health and Chronic Disease	660,000
Developmental Disabilities	24,340,000
Behavioral Health Services	23,594,000

Social Services

Homeless Services	228,000
Women’s Services	230,000
Adult Services	375,000
Child Welfare Services	4,504,000
Foster Care	7,078,000
Temporary Cash Assistance	117,000

Senior Citizen Services

Long-term Care	282,000
Community Services	101,000

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

Boonsboro Elementary School – renovations (roof)	\$748,000
Sharpsburg Elementary School – construction	5,101,000
Urban Educational Campus – construction	3,530,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Hagerstown Community College

Center for Business and Entrepreneurial Studies	2,777,000
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Senior Center Capital Grant Program

Washington County Senior Activities Center	100,000
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Program Open Space

Park acquisition and development	1,195,319
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Other Projects

Boonsboro – parking lot	25,000
Hagerstown – minor league baseball stadium	300,000
Hagerstown Elks Lodge No. 378	23,000
The ARC of Washington County	500,000
Vietnam War Veterans Monument	30,000
Washington County – Hagerstown revitalization	500,000
Washington County – public service academy	500,000
YMCA of Hagerstown	150,000

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

Washington County District Court	\$325,000
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Department of Public Safety and Correctional Services

Correctional Institution Hagerstown – perimeter security upgrade	1,226,000
Correctional Training Center – replace windows and heating systems	5,337,000
Roxbury Correctional Institution – gatehouse and perimeter security system	611,000

Department of Natural Resources

Greenbrier State Park – entry gate fee station improvements 117,000

Maryland Environmental Service

Maryland Correctional Institution – boiler plant improvements 1,385,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$75,747	\$78,055	\$2,308	3.0%
Compensatory Education	44,251	46,283	2,032	4.6%
Student Transportation	5,379	5,734	354	6.6%
Special Education	7,986	8,153	167	2.1%
Limited English Proficiency Grants	5,993	7,044	1,051	17.5%
Guaranteed Tax Base	7,090	7,194	104	1.5%
Kirwan Commission – Blueprint Funding	0	7,777	7,777	n/a
Prekindergarten Grants	280	640	360	128.8%
Other Education Aid	1,222	1,222	0	0.0%
Primary and Secondary Education	\$147,947	\$162,100	\$14,153	9.6%
Libraries	\$1,091	\$1,132	\$41	3.7%
Community Colleges	5,663	5,909	246	4.3%
Health Formula Grant	1,422	1,535	113	7.9%
Transportation ¹	3,229	3,731	502	15.5%
Police and Public Safety ¹	1,125	1,121	-4	-0.4%
Fire and Rescue Aid ¹	350	350	0	0.0%
Disparity Grant	8,970	9,649	679	7.6%
Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0%
Total Direct Aid	\$171,365	\$187,095	\$15,729	9.2%
Aid Per Capita (\$)	\$1,665	\$1,818	\$153	9.2%
Property Tax Equivalent (\$)	2.66	2.81	0.15	5.4%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers’ retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be \$13,401,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county’s share of prior year funding (fiscal 2019) 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	\$96,374,000
Family Health and Chronic Disease	949,000
Developmental Disabilities	17,362,000
Behavioral Health Services	18,340,000

Social Services

Homeless Services	341,000
Women’s Services	79,000
Adult Services	32,000
Child Welfare Services	2,777,000
Foster Care	1,845,000
Temporary Cash Assistance	84,000

Senior Citizen Services

Long-term Care	586,000
Community Services	257,000

Note: Homeless services and a portion of women’s services funding support 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***

Beaver Run Elementary School – construction	\$6,857,000
Delmar Elementary School – construction	2,782,000

* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Wor-Wic Community College

Campuswide – facilities renewal	475,000
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Federally Qualified Health Centers Grant Program

Three Lower Counties Community Services, Inc.	1,078,000
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Program Open Space

Park acquisition and development	796,448
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Community Parks and Playgrounds

Mardela Springs Park Recreation Area	202,000
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Waterway Improvement

Cedar Hill Marina – bulkhead construction	99,000
Pirates Wharf – boating facility construction	400,000
Salisbury – Riverside Drive boat ramp renovation	99,000

Other Projects

Fruitland – park improvements	14,000
Peninsula Regional Medical Center	800,000
Salisbury – Truitt Street Community Center	100,000
Salisbury Elks Lodge No. 817	95,000

D. Capital Projects for State Facilities in the County

Maryland Department of Agriculture

Salisbury Animal Health Laboratory \$12,417,000

University System of Maryland

Salisbury University – Field Hockey Stadium 4,500,000

Salisbury University – Guerrieri University Center renovation 2,500,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2019</u>	<u>FY 2020</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$6,681	\$6,926	\$245	3.7%
Compensatory Education	7,257	7,445	188	2.6%
Student Transportation	3,105	3,349	244	7.9%
Special Education	1,764	1,780	17	0.9%
Limited English Proficiency Grants	380	399	18	4.8%
Kirwan Commission – Blueprint Funding	0	689	689	n/a
Other Education Aid	496	496	0	0.0%
<i>Primary and Secondary Education</i>	<i>\$19,683</i>	<i>\$21,084</i>	<i>\$1,401</i>	<i>7.1%</i>
Libraries	\$159	\$165	\$6	3.7%
Community Colleges	2,446	2,412	-34	-1.4%
Health Formula Grant	876	961	85	9.7%
Transportation ¹	2,098	2,543	445	21.2%
Police and Public Safety ¹	829	749	-80	-9.7%
Fire and Rescue Aid ¹	374	374	0	0.0%
Gaming Impact Aid	4,294	4,374	80	1.9%
Total Direct Aid	\$30,759	\$32,662	\$1,903	6.2%
Aid Per Capita (\$)	\$595	\$632	\$37	6.2%
Property Tax Equivalent (\$)	0.19	0.20	0.01	3.1%

¹ Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2020 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be \$7,512,000.

B. Estimated State Spending on Selected Health and Social Services

The Maryland 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 2020 allocations for various programs excluding federal funds. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2019) 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	\$35,280,000
Family Health and Chronic Disease	666,000
Developmental Disabilities	2,463,000
Behavioral Health Services	7,847,000

Social Services

Homeless Services	341,000
Women's Services	79,000
Adult Services	63,000
Child Welfare Services	1,646,000
Foster Care	1,290,000
Temporary Cash Assistance	15,000

Senior Citizen Services

Long-term Care	586,000
Community Services	287,000

Note: Homeless services and a portion of women's services funding support 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	\$3,252,000
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* The final allocation of fiscal 2020 school construction funding will be made in May 2019.

Public Libraries

Pocomoke Library – renovation and expansion	120,000
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Wor-Wic Community College

Campuswide – facilities renewal	475,000
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Program Open Space

Park acquisition and development	772,911
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Community Parks and Playgrounds

Cypress Park Pickleball Courts	73,000
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Waterway Improvement

Pocomoke City – town marina construction	363,000
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Public Landing Marina – dredging	200,000
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Coastal Resiliency Program

Selsey Road – shoreline enhancements	200,000
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Other Projects

Pocomoke – Delmarva Discovery Center and Museum	26,000
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D. Capital Projects for State Facilities in the County**Maryland State Police**

Berlin Barrack, Forensic Lab, and Garage	\$800,000
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Department of Natural Resources

Ocean City – beach replenishment	2,000,000
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Pocomoke River State Park – boat ramp repair and marina replacement	200,000
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Part B Taxes

Property Tax

Property Tax Administration

Email Notification for Property Tax Notices

Generally, the State Department of Assessments and Taxation (SDAT) is required to deliver or mail specified real property and personal property assessment notices to property owners to the address provided by the property owner. For any proceeding held by the department, county assessment supervisors, and Property Tax Assessment Appeals Boards, any party of interest may request that documents be sent to their mailing address. These documents are required to be delivered or mailed, postage paid, to the address specified by the party.

Senate Bill 59 (passed) authorizes SDAT to send specified real and personal property notices by email, if within the past three years the recipient has provided the department an email address and requested to receive the notices by email.

Assessment of Conservation Property

For purposes of assessing conservation property for State and local property taxes, conservation property includes land that is (1) unimproved; (2) not used for commercial purposes; and (3) subject to a perpetual conservation easement. The perpetual conservation easement must be donated to the Department of Natural Resources (DNR) or the Maryland Environmental Trust (MET) and identify DNR or MET as a grantee and accepted and approved by the Board of Public Works.

House Bill 1350 (passed) alters the definition of conservation property for property tax assessment purposes by including certain land subject to a perpetual conservation easement that is sold or donated (1) to the Maryland Agricultural Land Preservation Foundation; (2) to a specified land trust; or (3) under another public land conservation or preservation program.

Gender Diversity in the Boardroom

Senate Bill 911/House Bill 1116 (both passed) require tax-exempt, domestic nonstock corporations with an operating budget exceeding \$5 million or domestic stock corporations with total sales exceeding \$5 million to report the number of female board members and the total number of members on the board of directors when filing a specified personal property report with SDAT. The Comptroller must report this information to the General Assembly by January 1 of each year and make the report publicly available on the Comptroller's website. The requirements of *Senate Bill 911/House Bill 1116* terminate September 30, 2029.

Optional Installment Payment Program for Local Property Taxes

Property taxes for owner-occupied residential property and small businesses that pay less than \$100,000 in property taxes are due on a semiannual schedule. The first installment is due on July 1 and may be paid without interest on or before September 30. The second installment is due on December 1 and may be paid without interest on or before December 31. Homeowners and certain small business owners may elect to pay the full year's property tax on or before September 30 to avoid a service charge or interest charge that may be imposed by a local government. Property taxes for other property are due on July 1 and may be paid without interest on or before September 30.

House Bill 396 (passed) authorizes local governments to provide for an installment payment schedule for county, municipal, or special taxing district real property taxes. Local governments may not authorize an installment payment schedule for property taxes imposed on real property that is subject to a deed of trust, a mortgage, or any other encumbrance that includes the escrowing of property taxes. A taxpayer may choose whether to pay property taxes through an installment payment schedule authorized under the bill.

Property Tax Exemptions

Nonprofit Charitable Museum

Senate Bill 296/House Bill 432 (both passed) expand a property tax exemption for real property owned by a nonprofit charitable museum by repealing a limitation that prohibits the organization from receiving a tax exemption on more than 100 acres of real property. The nonprofit charitable museum must be open to the public and not charge an admission fee to qualify for the expanded exemption.

Disabled Active Duty Service Members

Senate Bill 777 (passed) provides a property tax exemption for the dwelling owned by a specified disabled active duty service member. A disabled active duty service member must apply for the exemption by providing to the Supervisor of Assessments a certification of the service member's disability from a physician licensed to practice medicine in the State or from the Veterans' Administration. A disabled active duty service member is defined as an individual in active service of the military, naval, or air service as defined in 38 U.S.C. § 101 who has a service

connected physical disability that is reasonably certain to continue for the life of the service member and was not caused or incurred by misconduct of the service member.

Property Tax Credits

Property Tax Credit for Seniors and Veterans

Chapter 498 of 2016 authorized local governments to grant 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. Chapter 184 of 2017 altered the eligibility criteria 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. Chapters 309 and 310 of 2018 altered the eligibility criteria once again 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.

Senate Bill 816/House Bill 81 (both passed) alter the eligibility criteria of the property tax credit for surviving spouses of retired service members by requiring the surviving spouse to be at least 65 years old to be eligible for the property tax credit and allowing a surviving spouse to receive the credit if the service member was under 65 years old at the time of the service member's death. In addition, a surviving spouse who is under age 65 may continue to receive the property tax credit if the surviving spouse qualified for and received the property tax credit before June 1, 2019.

Senate Bill 654/House Bill 1339 (both passed) alter one of the eligibility criteria of the property tax credit for elderly individuals by removing the requirement that the individual must have lived in the same dwelling for at least the preceding 40 years. In lieu of this requirement, local governments are authorized to provide for the minimum number of years, not to exceed 40 years, which the individual must have resided in the same dwelling.

Property Tax Credit for Public Safety Officers

Chapter 686 of 2017 authorized county and municipal governments to grant a property tax credit for dwellings owned by specified public safety officers. Chapter 654 of 2018 altered 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.

Senate Bill 292/House Bill 477 (both passed) alter the eligibility criteria of the property tax credit by adding volunteer emergency medical technicians to the definition of public safety officers that are eligible recipients of the property tax credit.

House Bill 352 (passed) alters the eligibility criteria of the property tax credit by adding Maryland-National Capital Park and Planning Commission police officers and Washington Suburban Sanitary Commission police officers who live in Montgomery or Prince George's

counties to the definition of public safety officers that are eligible recipients of the property tax credit.

Property Tax Credit for 9-1-1 Public Safety Communicators

Chapter 735 of 2018 authorized county and municipal governments to provide a property tax credit for a dwelling owned by a 9-1-1 public safety telecommunicator.

Senate Bill 284/House Bill 1090 (both passed) expand eligibility for the property tax credit by establishing that (1) 9-1-1 specialists include employees of a county public safety answering point or employees working in a county safety answering point and (2) 9-1-1 specialist duties and responsibilities include receiving and processing 9-1-1 requests for emergency assistance and other support functions directly related to 9-1-1 requests for emergency assistance.

Public School or Nonprofit Robotics Program

Senate Bill 122 (passed) authorizes local governments to grant a property tax credit for real property that is used for the purposes of a public school robotics program or nonprofit robotics program.

Personal Property Taxes

A county or municipality must grant a property tax credit against the applicable county or municipal property tax imposed on vehicles valued as stock in business in an amount equal to 50% of the tax imposed on those vehicles. *Senate Bill 478 (passed)* authorizes a county or municipality to provide up to a 100% property tax credit for vehicles valued as stock in business beginning in fiscal 2020. This property tax credit is in addition to the mandatory 50% property tax credit.

Senate Bill 478 also requires the chief executive or the administrative officer of a municipality, after an annexation resolution is introduced, to notify commercial property owners in the area to be annexed of (1) all personal property taxes and fees imposed by the municipality and (2) the date, time, and place of the public hearing on the proposed annexation.

Opportunity Zone Incentives

Among its many provisions, *Senate Bill 581 (passed)* authorizes local governments to create a tax credit against the local property tax for qualified investments made within an opportunity zone. For a further discussion of *Senate Bill 581*, see the subpart “Income Tax” within this part of this *90 Day Report*.

Tax Sales

The tax sale system in Maryland, like many states throughout the country, is designed for counties to collect delinquent real property taxes and other unpaid charges owed to the counties (such as water or environmental liens), all of which are liens against the real property.

Each county in Maryland conducts an annual tax sale, whereby the tax liens are offered to the public at auction. Generally, the highest bidder in the auction pays the total amount of the tax liens to the county and receives a tax sale certificate from the county which gives the bidder the right to obtain ownership of the property by filing a tax sale foreclosure lawsuit.

Chapters 615 and 616 of 2017 established a task force to study tax sales in the State. 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. The task force met four times during the 2017 interim and issued its report in January 2018.

In Rem Foreclosure and Sale

Senate Bill 509 (passed) is based on one of the task force’s recommendations, and establishes procedures for counties and municipalities to authorize by law a process to initiate a judicial in rem foreclosure proceeding and subsequently sell the property after an in rem foreclosure. Real property may be subject to foreclosure and sale under this procedure only if (1) the property consists of a vacant lot, or an improved property cited as vacant and unsafe or unfit for habitation or other authorized use on a housing or building violation notice, and (2) the total amount of liens for unpaid taxes on the property exceeds the value of the property. A county or municipal corporation may file a complaint for an in rem foreclosure in the circuit court of the county after the tax on the real property has been delinquent for at least six months and the right to appeal the notice of the property as vacant and unsafe or unfit has expired. A complaint must include a request that the circuit court enter a judgement that forecloses the existing interests of all interested parties in the real property and orders ownership of the real property to be transferred to the county or municipal corporation. All parties with an interest in the property must be notified of the foreclosure proceeding. A circuit court must hold a hearing on the complaint at which any interested party has the right to be heard and to contest the delinquency of the taxes and the adequacy of the proceedings. If the circuit court transfers ownership of the real property to the county or municipal corporation, the county or municipal corporation is authorized, but not required, to subsequently sell the property.

Collection of Unpaid Taxes and Tax Sales

House Bill 1209 (passed) includes several provisions to assist homeowners in tax sale proceedings. The bill establishes the State Tax Sale Ombudsman within SDAT. The ombudsman is required to (1) help homeowners understand the process for collection of delinquent taxes; (2) actively assist homeowners to apply for tax credits and other programs that may help the homeowners to pay delinquent taxes and improve their financial situation; (3) refer homeowners to legal services, housing services, and other social services; (4) maintain a website that functions as a clearinghouse for information concerning the tax sale process and services and programs that are available to assist homeowners; and (5) maintain a toll-free telephone number that a homeowner may call to obtain individualized personal assistance with delinquent taxes. A county is authorized to establish a county tax sale ombudsman to fulfill all the responsibilities of the State

Tax Sale Ombudsman with respect to homeowners within the county. A county or municipal corporation is authorized to withhold from tax sale a dwelling owned by a homeowner who is low-income, at least 65 years old, or disabled if the homeowner meets eligibility criteria established by the county or municipal corporation. The local tax collector is required to send to property owners a plain-language summary of the tax sale process and how to retain the property. SDAT is required to survey counties and municipal corporations annually to obtain specified data concerning tax sales and submit a report of the information each year.

Baltimore City – Tax Sales of Real Property – Water Liens

Chapter 714 of 2018 (1) 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 and (2) 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 lien is for at least \$350, and the unpaid charges are at least three quarters in arrears. These provisions would have terminated December 31, 2019.

Senate Bill 96/House Bill 161 (both passed) repeal the termination date of Chapter 714 of 2018 and permanently limit the authority of the Mayor and City Council of Baltimore City to conduct tax sale proceedings on properties to enforce liens for unpaid water and sewer service charges. The bills continue the exclusion of residential property from such a sale and newly exclude from sale real property that is exempt from taxation under specified provisions of the Tax-Property Article applicable to property used exclusively for public religious worship or a parsonage or convent. *Senate Bill 96/House Bill 161* also prohibit the mayor and city council from enforcing a lien for unpaid charges for water and sewer service on residential or tax-exempt religious property if the property is being sold to enforce another lien.

Local Property Taxes

Allegany County

Senate Bill 214/House Bill 243 (both passed) authorize Allegany County and municipalities in the county to grant a property tax credit for property that is owned by the Cumberland Economic Development Corporation.

Baltimore City

House Bill 1390 (passed) authorizes Baltimore City to grant a property tax credit for dwellings owned by specified full-time, low-income employees of Baltimore City. A low-income employee is defined as an individual who (1) is employed full time by Baltimore City; (2) is among the 25% lowest paid, full-time Baltimore City employees; and (3) owns a dwelling located in Baltimore City.

Cecil County

Senate Bill 259/House Bill 997 (both passed) authorize Cecil County to establish special taxing districts for the purpose of providing Internet service in unincorporated areas of the county. A proposed special taxing district may be established if the proposal is petitioned by the property owners in the area. The county is authorized to impose *ad valorem* or special taxes and issue bonds.

Prince George’s County

House Bill 183 (passed) authorizes Prince George’s County to grant a property tax credit for residential or commercial property equipped with an exterior security camera system for the purpose of crime prevention or reduction.

House Bill 188 (passed) authorizes Prince George’s County to grant a property tax credit for personal property owned by a grocery store that completes eligible construction and is located in a healthy food priority area, as defined by the county.

Income Tax

Opportunity Zone Incentives

Overview

The Federal Tax Cuts and Jobs Act of 2017 established the Qualified Opportunity Zones Program to incentivize private investment in distressed communities. Under the Act, states may nominate up to 25% of specified low-income census tracts for designation by the U.S. Treasury as opportunity zones. The program offers federal tax incentives related to capital gains for persons who make qualifying investments within these designated opportunity zones.

Senate Bill 581 (passed) establishes the Opportunity Zone Enhancement Program, to be administered by the Department of Commerce (Commerce). Qualifying businesses within an opportunity zone may qualify for enhanced incentives under specified tax credit programs. *Senate Bill 581* also (1) makes specified changes to the Heritage Structure Rehabilitation Tax Credit Program and extends the program through fiscal 2024; (2) extends the More Jobs for Marylanders Program by two years and expands geographic and business eligibility; (3) generally extends the geographic eligibility for a number of State economic development/tax credit and financing programs available for priority funding areas (PFAs) and/or sustainable communities to include opportunity zones in Allegany, Garrett, Somerset, and Wicomico counties; (4) creates a State income tax credit for qualified workforce housing projects located within opportunity zones; and (5) authorizes local governments to create a tax credit against the local property tax for qualified investments made within an opportunity zone.

As a result, the net effect on State finances will be a decrease of about \$4.5 million in fiscal 2020, \$14.9 million in fiscal 2021, \$25.6 million in fiscal 2022, \$35.8 million in fiscal 2023, and \$37.1 million in fiscal 2024.

More Jobs for Marylanders Program

Under current law, Commerce may issue up to \$9.0 million in income tax credits and \$1.0 million in sales tax refunds each fiscal year. *Senate Bill 581* extends, from June 1, 2020, to June 1, 2022, the authority of Commerce to certify a business entity for participation in the program. Under the program, the tax credits and refunds, in addition to other program benefits, may be taken for ten consecutive years. The 2-year extension authorizes up to \$200.0 million in additional tax credits and refunds.

Eligibility criteria for the program are expanded to include businesses in opportunity zones. The program's property tax benefit for nonmanufacturing businesses made eligible is also potentially decreased.

The bill expands the types of new businesses that can qualify for all of the Tier I incentives available within opportunity zones. Under current law, a new business in a Tier I county must be a manufacturing business to be otherwise eligible for Tier I benefits. Under the bill, in opportunity zones, the only business activity limitations are that a business not be a refiner (an existing requirement), provide adult entertainment, or be primarily engaged in retail activities (except for grocery stores) or the sale or distribution of alcoholic beverages. These businesses are subject to enhanced requirements for qualified position salaries: a \$50,000 minimum as opposed to 120% of the State minimum wage.

The definition of "Tier I county" is changed for purposes of the program to "Tier I area," which includes opportunity zones designated under the federal Internal Revenue Code.

Heritage Structure Rehabilitation Program

Senate Bill 581 renames the Heritage Structure Rehabilitation Tax Credit Program as the Historic Revitalization Tax Credit Program. The program's termination date is extended through fiscal 2024 for commercial, small commercial, and owner-occupied residential property rehabilitations. The Governor is required to provide an appropriation to the reserve fund for commercial projects in fiscal 2023 and 2024. The Maryland Historical Trust can award credits through June 30, 2024.

Commercial rehabilitations within an opportunity zone qualify for an additional tax credit and increased maximum credit amounts if the Level 1 and Level 2 requirements established by the Opportunity Zone Enhancement Program are met. Subject to these requirements, the bill also increases the maximum tax credit for small commercial projects located within an opportunity zone.

The bill also alters eligibility for small commercial projects by specifying that a small commercial project includes a residential unit in a consecutive series of similar residential units that are arranged in a row, side by side, and is sold as part of a specified development project. Small commercial project eligibility is also extended to agricultural and post-World War II structures that meet certain requirements.

Opportunity Zone Enhancement Program

Senate Bill 581 establishes the Opportunity Zone Enhancement Program, to be administered by Commerce. Qualifying businesses within an opportunity zone may qualify for enhanced incentives under the following tax credit programs: (1) job creation; (2) One Maryland; (3) enterprise zone; (4) biotechnology investment incentive; (5) cybersecurity investment incentive; and (6) More Jobs for Marylanders. These enhanced incentives (Level 1) are in addition to the standard credit provided under each program and in certain circumstances in addition to the enhanced additional credit available under each program. In addition, the program provides an additional enhancement (Level 2) beyond the enhanced credit.

The incentives are generally an increase in the tax credit value and/or the maximum tax credit that can be claimed. The enhancements do not apply to the enterprise zone property tax credit. The enhancements apply to the One Maryland tax credit if the business hires at least 50 qualified employees.

Workforce Housing Project Tax Credit

A person may claim a tax credit against the State income tax for a qualified workforce housing project located within an opportunity zone. The housing must either be rental housing that is affordable to a household with an aggregate annual income of between 50% and 100% of the area median income or homeownership housing that is affordable to a household with an aggregate annual income of between 60% and 120% of the area median income. In target areas under the Maryland Mortgage Program, the homeownership housing affordability threshold is equal to between 60% and 150% of the area median income. In addition, the Secretary of Housing and Community Development must adopt regulations providing for eligibility requirements. The total amount of credits awarded in each fiscal year cannot exceed the lesser of \$4.0 million or the amount of funds appropriated to the program in the State budget.

Housing and Economic Development Programs

The geographic eligibility requirements for certain economic development/tax credit and financing programs, which are generally limited to PFAs and/or sustainable communities, but may include further requirements, are expanded to include opportunity zones in Allegany, Garrett, Somerset, and Wicomico counties. These changes impact economic development programs such as the enterprise zone, One Maryland, and job creation tax credits and certain housing programs administered by the Department of Housing and Community Development.

The bill also alters restrictions on providing funding without Board of Public Works approval for specified “growth-related projects” and Sunny Day projects outside of PFAs in the specified counties.

Opportunity Zones – Local Property Tax Credits

A local government may, by law, grant a property tax credit against local real property taxes imposed on the eligible assessment of qualified opportunity zone business property. In order

to qualify, the property must have been vacant for at least 12 months prior to the acquisition of the property by a qualified Maryland opportunity zone fund. The amount and duration of the property tax credit is determined by the local law establishing the tax credit.

Tax Credit Legislation

New Tax Credits

House Bill 482 (passed) creates a tax credit against the State income tax for 25% of a donation made to a qualified permanent endowment fund at Bowie State University, Coppin State University, Morgan State University, or the University of Maryland Eastern Shore. The Comptroller's Office may award a maximum of \$240,000 in tax credits in tax year 2020 through 2023.

Tax Credit Extensions, Expansions, or Alterations

Taxpayers can claim a nonrefundable State income tax credit for qualified child and dependent care expenses. The credit is available to individuals who qualify for the federal child and dependent care credit but phases out for individuals whose federal adjusted gross income is above certain income thresholds. *Senate Bill 870/House Bill 810 (both passed)* expand the tax credit primarily by increasing the incomes at which the credit phases out and making the credit refundable for certain taxpayers. Beginning in tax year 2020, the applicable income phase-outs are indexed based on the annual change in the cost of living. It is estimated that expansion of the tax credit will reduce State revenues by \$10.9 million in fiscal 2020, increasing to \$12.3 million by fiscal 2024.

Under current law, the research and development tax credit may not be claimed after tax year 2019. *House Bill 175 (passed)* extends the tax credit through tax year 2020. It is estimated that extending the tax credit will decrease State revenues by \$6.9 million in fiscal 2022, \$2.2 million in fiscal 2023, and \$1.7 million in fiscal 2024.

Under current law, the job creation tax credit terminates on January 1, 2020. *House Bill 173 (passed)* extends the termination date for the tax credit to January 1, 2022. It is estimated that extending the tax credit will decrease State revenues by \$3.9 million annually in fiscal 2020 and 2021.

Chapters 232 and 233 of 2017 established a tax credit for eligible food donations made by a qualified farm located in Anne Arundel, Calvert, Charles, Montgomery, Prince George's, or St. Mary's counties. *House Bill 403 (passed)* extends the tax credit for two additional tax years through tax year 2021 and expands program eligibility to all qualified farms in the State. Additionally, the bill decreases the maximum amount of tax credit certificates that may be issued annually from \$250,000 to \$100,000.

Under the film production activity tax credit, the Secretary of Commerce is required to reserve 10% of all tax credits in each fiscal year for film production entities that qualify as a small or independent film entity. *House Bill 482* decreases, from one year to three months, the length of

time an entity must be incorporated in Maryland in order to qualify as a small or independent film entity.

Subtraction Modification Legislation

A State income tax subtraction modification may be claimed for the amount of the discharge of qualified principal residence indebtedness allowable under the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended. The maximum amount of the subtraction may not exceed \$100,000 (\$200,000 if married filing jointly). *Senate Bill 265/House Bill 380 (both passed)* repeal the June 30, 2019 termination date of the subtraction modification for qualified mortgage debt relief.

Chapter 519 of 2016 established a subtraction modification of up to \$5,000 of the income earned by a law enforcement officer if (1) the officer resides in the political subdivision in which the officer is employed and (2) the crime rate in the political subdivision exceeds the State's crime rate. *Senate Bill 477/House Bill 387 (both passed)* expand the subtraction modification to Maryland Transportation Authority law enforcement officers who reside in these qualifying political subdivisions.

Sales Tax

Remote Sales Tax Collection

In *South Dakota v. Wayfair, Inc.*, the U.S. Supreme Court upheld a South Dakota law requiring remote sellers with sales over \$100,000 or with more than 200 different transactions to residents in the state to collect the state's sales tax. Effective October 1, 2018, regulations promulgated by the Comptroller require a similar threshold for the collection of sales tax by out-of-state vendors who sell tangible personal property or taxable services for delivery in Maryland. The regulations did not address the collection of sales tax by online marketplace facilitators that host third-party marketplace sellers.

Senate Bill 728/House Bill 1301 (both passed) generally require a marketplace facilitator to collect and remit the State sales and use tax due on retail sales transacted on behalf of a marketplace seller. In addition, the bills (1) establish tax collection and licensing requirements; (2) direct the Comptroller to pay into the Blueprint for Maryland's Future Fund any sales tax revenues in excess of \$100 million that are collected from marketplace facilitators and certain out-of-state vendors; and (3) require certain out-of-state sellers of pipe tobacco and premium cigars into the State to pay the tobacco tax if the tax has not otherwise been paid. In addition, *House Bill 1301* includes a contingency that, if satisfied, repeals an exemption for peer-to-peer car sharing platforms from the sales tax collection obligations of a marketplace facilitator.

Short-term Rental Units

Short-term rental platforms function as a marketplace facilitator for short-term rentals. A short-term rental is the temporary use of a short-term rental unit to provide lodging to transient guests in exchange for consideration. *Senate Bill 533/House Bill 884 (both passed)* impose the State sales and use tax on specified short-term rental transactions facilitated by a short-term rental platform and require short-term rental platforms to collect and remit the tax.

Taxable Services

The cleaning of a commercial or industrial building is a taxable service under the State sales and use tax. *Senate Bill 283 (passed)* exempts from the State sales and use tax cleaning or janitorial services of a commercial or industrial building owned by a common ownership community or retirement community and used for a specified common use purpose, unless that purpose requires the collection of the sales and use tax.

A telephone answering service is a taxable service under the State sales and use tax. *Senate Bill 945/House Bill 809 (both passed)* define a telephone answering service as a service provided to a customer that consists exclusively of the taking of messages, either by an automated system or by a live operator, and transmitting the messages to the customer. The service is not taxable if the physical act of answering a telephone on behalf of a customer is incidental to and less than 5% of the service provider's total gross receipts in a calendar year.

Tax Administration

House Bill 454 (passed) requires the Comptroller's Office to publish a comprehensive list, on the agency's website, of tangible personal property and services that are subject to the State sales and use tax. The list must be updated at least quarterly and detail any additions, deletions, or revisions to the list.

Miscellaneous Taxes

Tax Administration

House Bill 1052 (Ch. 12) establishes the Alcohol and Tobacco Commission and transfers to the commission the staff, powers, and duties of the Field Enforcement Division of the Comptroller's Office for the regulation of alcoholic beverages and tobacco. Generally, tax information may not be disclosed by an officer, employee, former officer, or former employee of the State or any political subdivision of the State; however, tax information may be disclosed to specified individuals and entities. The Act authorizes disclosure of tax information to the commission. For a further discussion of *House Bill 1052*, see the subpart "Alcoholic Beverages (Statewide)" within Part H – Business and Economic Issues of this *90 Day Report*.

Senate Bill 484 (passed) alters or establishes the expiration date of specified tax liens, including liens related to unpaid taxes, liens on unpaid inheritance taxes, and liens on personal and real property. Under the bill, the liens expire 20 years after the date of the lien assessment.

Transportation Taxes

House Bill 1246 (passed) expands the existing qualified plug-in electric vehicle excise tax credit by increasing to \$6.0 million the total amount of credits that the Motor Vehicle Administration can award for fiscal 2020, extending eligibility to qualified fuel cell electric vehicles, and altering the value of the credit to \$3,000. For a further discussion of this bill, see the subpart “Motor Vehicles” within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Recordation and Transfer Taxes

Senate Bill 780 (passed) clarifies that an instrument of writing that transfers property from the United States, the State, an agency of the State, or a political subdivision of the State is not subject to the transfer tax.

House Bill 465 (passed) alters the distribution of specified recordation taxes and local transfer taxes collected by the State Department of Assessments and Taxation (SDAT) so that these revenues will now be distributed directly to the counties by SDAT instead of SDAT collecting the taxes and remitting the revenue to the Comptroller for distribution to the counties.

Senate Bill 344/House Bill 20 (both passed) repeal an exemption from the State agricultural land transfer tax for land that has had the property tax paid for five consecutive taxable years under an assessment other than the farm or agricultural use assessment. In lieu of this exemption, the bills provide a partial transfer tax reduction. The bills also exempt transfers of agricultural land from the agricultural land transfer tax if the land was subject to the tax for a previous transfer.

The local transfer tax in Howard County has been collected by the clerk of the circuit court and remitted to the Howard County Finance Department, with the clerk of the circuit court retaining a 5% collection fee. *House Bill 1405 (passed)* requires the Howard County finance director to collect and distribute the local transfer tax in accordance with local law.

Alcohol and Tobacco Taxes

Senate Bill 728/House Bill 1301 (both passed) require a marketplace facilitator and a marketplace seller to collect and remit the State sales and use tax under specified circumstances. The bills also require out-of-state sellers to pay the tobacco tax (if it has not otherwise been paid) on sales into the State of pipe tobacco and premium cigars under certain circumstances. For a further discussion of *Senate Bill 728/House Bill 1301*, see the subpart “Sales Tax” within this part of this *90 Day Report*.

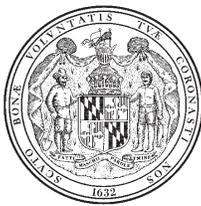
Senate Bill 596 (passed) expands the definition of beer to include mead. The bill imposes the same alcoholic beverage tax rate to mead that is imposed on beer, which is \$0.09 per gallon. Mead is defined as a fermented alcoholic beverage consisting primarily of honey and water. For a further discussion of this bill, see the subpart “Alcoholic Beverages (Statewide)” within Part H – Business and Economic Issues of this *90 Day Report*.

Miscellaneous Local Taxes

Senate Bill 466/House Bill 285 (both passed) repeal a prohibition on the authority of specified municipalities to impose a hotel rental tax on hotels with 10 or fewer sleeping rooms. The bills impact municipalities in Montgomery and Somerset counties, which are the only two counties that impose a hotel rental tax and do not have revenue sharing agreements with municipalities or dedicate at least 50% of hotel rental tax revenues to promoting tourism.

Senate Bill 216/House Bill 244 (both passed) increase the maximum hotel rental tax rate that may be imposed in Garrett County from 6% to 8%. The bills also require the non-municipal portion of hotel rental tax revenues collected from a tax rate in excess of 6% to be distributed to the county’s general fund.

Senate Bill 451/House Bill 449 (both passed) authorize the Baltimore County Council to impose, by ordinance, development impact fees to finance any of the capital costs of additional or expanded public works, improvements, and facilities required to accommodate new construction or development. Any funds collected from development impact fees must be used within the surrounding community of the construction or development for which the fees were imposed.



Part C

State Government

State Agencies, Offices, and Officials

State Agencies

Alcohol and Tobacco Commission

House Bill 1052 (Ch. 12) establishes the Alcohol and Tobacco Commission. The commission is granted various powers and duties, including (1) educating the public on topics related to using and consuming tobacco products and alcoholic beverages; (2) ensuring that all alcoholic beverages sold in the State with an alcohol content exceeding 4.5% by volume bear a large and conspicuous label stating the percentage of alcohol content; (3) conducting certain studies; and (4) developing best practices for various topics related to alcoholic beverages regulation. The Act also transfers the Field Enforcement Division and the personnel of the division from the Comptroller's Office to the commission. *House Bill 1052* was vetoed by the Governor, but the General Assembly overrode the veto and the bill became Chapter 12 of the Acts of 2019.

For a further discussion of *House Bill 1052*, see the subpart "Statewide Alcoholic Beverage Regulation" within Part H – Business and Economic Issues of this *90 Day Report*.

Baltimore Police Department

Although the Baltimore Police Department (BPD) is a State agency, the State does not control the appointment or removal of the police commissioner and is not responsible for providing funding for the operations of the police department. However, the State retains the ability to amend the law relating to the department in order to implement policy changes. Article V of the Baltimore City Charter requires that the City Auditor's Office conduct a performance audit of principal agencies of the city biennially. BPD is included within that requirement. In October 2018, the Baltimore City Department of Finance released an audit report on overtime at BPD. The audit found widespread overtime abuse and that BPD's internal controls were inadequate to prevent the problem. *Senate Bill 41/House Bill 516 (both passed)* require the Office of Legislative Audits (OLA), beginning July 1, 2020, and at least once every six years thereafter, to conduct an audit of

BPD to evaluate the effectiveness and efficiency of the financial management practices of BPD. OLA must provide information regarding the audit to BPD before the audit is conducted. For a discussion of other legislation relating to BPD, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Impact of Regulations on Small Businesses

House Bill 1124 (passed) adds requirements that State agencies establish an electronic registry and notification system for proposed regulations that will affect small businesses, post the proposed regulations or the scope of the proposed regulations on the agency’s website, and prepare compliance guides for proposed regulations that are expected to have a significant small business impact. The Department of Budget and Management must enter into an agreement with an appropriate entity to provide training to Executive Branch agencies that promulgate regulations on the preparation of economic impact analyses. The training must be provided at least once every two years. The bill also repeals the Advisory Council on the Impact of Regulations on Small Businesses as of October 1, 2021.

Regulation of Land Use

Senate Bill 55 (passed) clarifies that the Maryland Department of Planning (MDP) is the central depository for all land use plans, and amendments and revisions to the plans, adopted by a unit of government or an interstate agency. The bill requires each unit of government or interstate agency to submit a current version of all plans, amendments, and revisions to MDP. If the plans, amendments, or revisions are submitted electronically, MDP must post them on the MDP website.

Oversight of Appointment Process

Senate Bill 751 (passed) prohibits an appointing authority from delegating the authority to make the final decision on the appointment of a State employee. The bill requires the Governor’s Appointments Office to submit an annual report to the Joint Committee on Fair Practices and State Personnel Oversight on the office’s activities regarding employees who are under the jurisdiction of an appointing authority, including (1) the number of and reasons for referrals or requests made by an appointing authority to the office regarding certain employee personnel actions; (2) the type of information provided by the office to an appointing authority as a result of a referral or request; (3) the written policy of the office on providing certain information to appointing authorities; (4) the number of applicants and employees required to complete certain forms; (5) the number of applicants and employees required to communicate with the office regarding a personnel decision; and (6) a statement of compliance.

The bill requires the Office of the Attorney General (OAG) to operate or provide for a hotline or an email address to receive and record information about alleged violations of the bill. OAG may contact a complainant to gather additional information on alleged violations under the bill and must submit an annual report to the joint committee regarding complaints received each year.

Finally, the bill establishes new requirements for a personnel report submitted by the Secretary of Budget and Management and for special appointment job position descriptions.

Use of Government Property

Senate Bill 741 (passed) requires the Secretary of Planning to contract with a consultant to conduct a study on the adaptive reuse of historic properties located within the State that are or were owned by the State or the federal government. The work of the consultant is guided by a steering committee. A final report is due by December 15, 2019, and must provide recommendations for an historic resource package to be considered by the Secretary of Planning and the General Assembly for the 2020 legislative session.

State Funding

The State is required to annually appropriate and pay to the mayor and alderman of the City of Annapolis the sum provided in the State budget as payment for services provided to the State by the city. *Senate Bill 156/House Bill 129 (Chs. 3 and 4)* require that the amount appropriated be at least \$750,000. The Acts also require that, beginning in fiscal 2022, the amount be increased based on the consumer price index.

The Jane E. Lawton Conservation Loan Program provides financial assistance in the form of low-interest loans to nonprofit organizations, local jurisdictions, and eligible businesses for projects in order to (1) promote energy conservation; (2) reduce consumption of fossil fuels; (3) improve energy efficiency; and (4) enhance energy-related economic development and stability in the nonprofit, commercial, and industrial sectors. *House Bill 170 (passed)* adds State agencies to the list of eligible borrowers under the program and exempts them from certain requirements applicable to other borrowers. The bill also alters the purpose of the program to allow the program to provide no interest loans and repeals a provision under the program that made projects in structures used primarily for religious or fraternal activities ineligible for loan funding.

Senate Bill 1014/House Bill 1192 (both passed) require a recipient of State funds to install an assistive listening system in an assembly area during the construction or renovation of the assembly area if (1) the assembly area uses or requires the use of a public address system and (2) a State contract has been executed to enable the construction or renovation of the assembly area. The bills also establish a Hearing Accessibility Advisory Board to consult with stakeholders, make recommendations for regulations, consider applications for waivers from the bills' requirements, and monitor compliance. The Department of General Services must adopt regulations to carry out the bills' requirements. A person may bring a civil action for a violation of the bills' provisions, and a court may grant equitable relief, assess a civil penalty, or award any other appropriate relief.

Open Meetings

The State Board of Elections (SBE) meets numerous times each year at its headquarters in Annapolis. Meeting agendas, minutes, and audio recordings are currently posted on the board's website. *Senate Bill 184/House Bill 71 (both passed)* require SBE, in consultation with the Department of Information Technology (DoIT), to make publicly available on the Internet (1) each meeting agenda, made available at least 24 hours in advance of each meeting; (2) live video streaming of each open meeting of SBE; and (3) a complete, unedited archived video recording of each open meeting for a minimum of four years after the date of the meeting. SBE must also prepare written minutes of each meeting as soon as practicable after the meeting. DoIT must provide to SBE the technical staff, support, and equipment necessary to stream live video of the open meetings of SBE.

Public Information Act

The Public Information Act provides that all persons are entitled to have access to information about the affairs of government and the official acts of public officials and employees. A custodian is an officer or employee of the State or of a political subdivision who is responsible for keeping a public record. *Senate Bill 5/House Bill 215 (both passed)* require a custodian, before granting inspection of the part of a 9-1-1 communications record that depicts a victim of domestic violence, abuse or neglect of a child, abuse or neglect of a vulnerable adult, or certain sexual crimes, to notify the victim or the victim's representative and consider any response received from the victim or victim's representative before granting or denying the inspection. A custodian may also redact relevant portions of a 9-1-1 record to avoid denying the release of the entire record. The bills do not apply to a public record that has been entered into evidence. The bills also increase the time period in which a custodian must grant or deny an application for inspection of such a record from within 30 days after receiving an application to inspect the record to within 50 days.

Military and Veterans

Income Taxes

Family members of military personnel who die while serving on active duty, active duty for training, or initial duty training may be eligible for several federal benefits. These U.S. Department of Defense benefits include (1) a lump sum gratuitous payment; (2) unpaid pay and allowances; (3) housing allowances and relocation expenses; (4) Servicemembers' Group Life Insurance payments; and (5) Survivor Benefit Plan annuities. Federal law generally exempts all but Survivor Benefit Plan annuities from federal adjusted gross income. Maryland law conforms to federal law and any amounts excluded for federal income tax purposes are not taxable under the State and local income tax. *House Bill 1093 (passed)* specifies that death benefits paid as a result of service in the U.S. Uniformed Services qualify for the existing military retirement subtraction modification.

Senate Bill 816/House Bill 81 (both passed) alter the eligibility criteria of a local option property tax credit for surviving spouses of retired members of the U.S. Armed Forces, military

reserves, or National Guard who have not remarried by requiring the surviving spouse to be at least 65 years old to be eligible for the property tax credit. In addition, the bills enable a surviving spouse who is under the age of 65 to continue to receive the property tax credit if the surviving spouse qualified for and received the property tax credit before June 1, 2019.

Services

According to the U.S. Department of Veterans Affairs report on veteran suicide rates in the United States, in 2014 there were 89 veteran suicides in Maryland. *Senate Bill 521 (passed)* requires the Maryland Department of Health (MDH) to develop a comprehensive action plan to increase access to and availability of professional veteran health services to prevent veteran suicides. By July 1, 2020, MDH must report to the Governor and the General Assembly on any statutory, administrative, and budgetary changes needed to implement the action plan. The action plan must include (1) short-term initiatives and reforms and a plan for implementation beginning no later than July 1, 2021, and (2) long-term initiatives and reforms and a plan for implementation beginning no later than July 1, 2023. MDH is required to implement the short-term initiatives and reforms by June 30, 2023, and the long-term initiatives and reforms by June 30, 2029.

The Veterans Full Employment Act of 2013 facilitated professional licensing for active military personnel, veterans, and their spouses. *Senate Bill 852 (passed)* requires the Department of Labor, Licensing, and Regulation (DLLR) to issue an expedited regular license, rather than a temporary license, to an eligible service member, veteran, or military spouse within 60 days after receiving a completed application. The bill removes the requirement that the application be submitted within one year of discharge, if the applicant is a veteran, or of the death of the service member, if the applicant is a surviving spouse. Finally, the bill requires DLLR to post certain information regarding the expedited licensure process on its website and alters the information required to be posted by its occupational and professional licensing units.

Chapter 416 of 2017 established the Maryland Veterans Service Animal Program. The program is designed to refer eligible veterans to selected nonprofit training organizations to be paired with service dogs or support dogs and facilitate their training. The Maryland Department of Veterans Affairs must select at least one nonprofit training entity that meets specified qualifications to carry out elements of the program. *Senate Bill 105 (passed)* expands the Maryland Veterans Service Animal Program to include nonprofit training entities that use trained therapy horses for interaction with veterans. The expansion allows such organizations to receive funding from the Maryland Veterans Service Animal Program Fund.

Commissions

House Bill 307 (passed) establishes the Maryland Lynching Truth and Reconciliation Commission. The commission must (1) hold public regional hearings in areas where a lynching of an African American by a white mob has been documented; (2) receive recommendations from the public, including families and communities affected by lynching, for addressing, engaging, and reconciling affected families and communities; and (3) make recommendations for addressing the legacy of lynching that are rooted in the spirit of restorative justice and may include the erection

of memorial plaques or signage at or near sites of racially motivated lynchings. For further discussion see the subpart “Human Relations” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Diaper-changing Facilities

Senate Bill 330 (passed) requires a diaper-changing facility to be installed in at least one public restroom within a public building constructed on or after October 1, 2019. “Public building” is defined as a building, structure, or improved area that is owned by the State or a political subdivision of the State or constructed for lease by the State or a political subdivision of the State. The requirement also applies to a public restroom (in an existing public building) that is built or substantially renovated on or after October 1, 2019. If the restrooms in the building are divided by gender, then a diaper-changing facility is required in at least one men’s restroom and one women’s restroom. A diaper-changing facility is not required if the building inspector determines that it is not practicable or if it would interfere with access for disabled individuals. The Board of Public Works is required to adopt standards for the diaper-changing facilities.

Notaries Public

Senate Bill 678 (passed) alters the laws related to notaries public and notarial acts. The bill modifies the qualifications necessary for an individual to be appointed as a notary public in the State to require that the individual be a resident of the State or have a place of employment or practice in the State, instead of requiring that the individual live or work in the State. The bill also repeals the requirement that an individual must be of good moral character and integrity. Additionally, the bill requires applicants to complete a course regarding laws, regulations, procedures, and ethics relevant to notarial acts and initial applicants to pass an exam on those topics.

Senate Bill 678 modifies provisions relating to the removal and suspension of a notary public by the Governor and clarifies procedures for the denial of applicants for initial commissions. The bill authorizes the Secretary of State (SOS) to publish information relating to the status of the commission of a notary public. This disclosure of information is deemed compliant with a provision of the Maryland Public Information Act that requires disclosure of the information.

Senate Bill 678 also modifies certain fees and charges that may be charged by a notary public and repeals existing provisions relating to various powers and duties of notaries public and replaces them with provisions of the Revised Uniform Law on Notarial Acts. The bill (1) expands current notarization practices to include remote and electronic notarization practices; (2) provides for requirements regarding certifications, stamps, and records; (3) requires SOS to maintain an electronic database of notaries public; and (4) generally updates laws related to notaries public.

Renaming

House Bill 60 (*passed*) renames the Department of Labor, Licensing, and Regulation as the Maryland Department of Labor and renames the Secretary of Labor, Licensing, and Regulation as the Secretary of Labor.

Senate Bill 594/House Bill 1330 (*both passed*) rename the State Law Library to be the Thurgood Marshall State Law Library.

State Designations

Freedom of the Press

The First Amendment to the U.S. Constitution guarantees the freedom of the press, as does Article 40 of the Maryland Declaration of Rights. On June 28, 2018, a shooting in the *Capital Gazette* newsroom in Annapolis claimed the lives of five *Capital Gazette* staff members. **Senate Joint 2/House Joint 9** (*both passed*) designate June 28 as Freedom of the Press Day to memorialize the lives lost on June 28, 2018, at the *Capital Gazette* offices.

Commemorative Months

In 2006, President Bush proclaimed June Caribbean-American Heritage Month to celebrate the heritage and contributions of Caribbean Americans. In the same vein, **Senate Bill 472** (*passed*) requires the Governor to annually proclaim the month of August as Caribbean Heritage Month in recognition of the contributions that Caribbean Americans have made to the State.

Elections

Voter Registration

At the general election in November 2018, the voters approved a constitutional amendment authorizing the General Assembly to allow a qualified individual to register and vote at a precinct polling place on Election Day. This practice, often referred to as “same-day registration,” has been used at early voting centers during the early voting period since 2016. **Senate Bill 449/House Bill 286** (*both passed*) implement same-day registration at precinct polling places on Election Day.

Under the bills, an individual is allowed to appear at any precinct polling place in the individual’s county of residence and apply to register to vote. An applicant for voter registration is required to provide proof of residency, which may be a Maryland driver’s license or Maryland identification card that contains the applicant’s current address or a copy of an official document that contains the applicant’s name and current address and meets the requirements established by the State Board of Elections (SBE). If an applicant for voter registration is a resident of the precinct and qualified to register to vote, the voter is issued a regular ballot. If an applicant for voter registration is a resident of the county but not the precinct, is qualified to register to vote, and chooses to vote in the precinct, the voter is issued a provisional ballot; however, only the votes

cast on the provisional ballot in the contests that are on the ballot in the voter's precinct of residence will be counted.

The bills require SBE to notify potential registrants of the correct precinct polling place for the potential registrants' residence addresses before each election, unless the local board of elections chooses to make the notification. Additionally, election judges are required to notify an individual who applies to register to vote at the incorrect precinct for the applicant's residence address of the correct precinct for the applicant's residence address.

It is estimated that local governments will collectively incur costs of \$2 million annually from fiscal 2020 through 2022 and \$597,000 annually thereafter due to the costs of additional election judges and pollbook equipment to administer Election Day voter registration.

House Bill 172 (passed) alters the time of day, on the twenty-first day prior to an election, at which voter registration (other than same-day registration) closes. Instead of closing at 9 p.m., under the bill, voter registration closes at 11:59 p.m. for applications and changes to voter registration records submitted through SBE's online voter registration system and at 5 p.m. for applications and changes submitted by any other method. The bill also repeals provisions requiring SBE and the local boards of elections to remain open for business until 9 p.m. on the day that voter registration closes.

Election Administration

Ballot Content and Preparation

Federal law requires that absentee ballots be sent to military and overseas voters 45 days before a federal election. This deadline requires that ballots be finalized well in advance of an election. In 2018, unsuccessful lawsuits were filed in an effort to force SBE to change the ballots during the period leading up to the primary election because of the death or disqualification of candidates. *Senate Bill 1004 (passed)* alters various deadlines that relate to or affect ballot content or preparation, generally making them earlier.

The deadlines that are made earlier in the bill include, among others, (1) the deadline for the Secretary of State to certify the names of candidates for nomination by a principal political party for President of the United States; (2) the deadline for filing a certificate of candidacy by a candidate seeking nomination in the primary election in a presidential election year; (3) the deadline for a nominee to decline the nomination; (4) the deadline for filling vacancies in nomination before a general election; (5) the deadline for filing a petition concerning a county charter-related ballot question; (6) deadlines for various persons to certify ballot question information; (7) the deadline for SBE to certify the content and arrangement of ballots; and (8) the deadline to seek judicial review of the content and arrangement of ballots. The bill does, however, extend the amount of time that a candidate has to withdraw the candidate's candidacy from within 2 days to within 10 days after the certificate of candidacy filing deadline. The bill also provides for expedited judicial review of a candidate's residency, a determination regarding a petition, and

the content and arrangement of ballots and requires that the proceeding be heard and decided without a jury and that any appeal be taken directly to the Court of Appeals.

Senate Bill 1004 also more clearly defines when ballots are finalized before an election. The bill provides that the name of each individual who does not decline a nomination must appear on the general election ballot unless, by the eighty-fifth day preceding the general election, the individual's death or disqualification is known to the board with which the certificate of candidacy was filed. The bill also repeals various provisions that allow for the ballot to be changed if a vacancy is properly and timely filled and for the use of stickers on ballots to make a change or correction. Instead, if there is an error or change in circumstances affecting the ballots after the printing of ballots has begun that requires SBE to implement a change in how a voter may cast a valid ballot, the State Administrator of Elections must determine what measures a local board of elections may take to notify voters of the error or change in circumstances and the manner in which voters may cast valid ballots for that election.

Additionally, *Senate Bill 1004* alters procedures for filling certain vacancies in candidacy or nomination by party central committees. Provisions that currently apply to filling certain vacancies in candidacy for a primary election when no candidate for the political party files for the office are made applicable to a vacancy resulting from the death, disqualification, or withdrawal of an unopposed candidate. The method of proportionally allocating the vote among county central committees to fill certain vacancies in candidacy or nomination is modified to be based on the share of total registered voters of the district in each county as opposed to the population of the district in each county.

Cybersecurity

U.S. intelligence agencies found that agents of the Russian government launched a far-reaching campaign to interfere with the 2016 U.S. presidential election, including cyberattacks on state election systems, including Maryland's system. The Federal Bureau of Investigation informed SBE in July 2018 that a Russian investor close to Russian President Putin had an ownership stake in the contractor that owned the servers for the state's voter registration, candidacy, election management, online ballot delivery, and election night results systems; however, no intrusions in the election systems were found. As SBE was preparing to transition to another data center, the ownership structure of the contractor changed, with the direct contractor being sold to another company, and the contract was continued through the end of 2019. *Senate Bill 743 (passed)* requires that a contract between SBE and an election service provider include a clause requiring the election service provider notify SBE of (1) any ownership of or investment in the election service provider, or control of the election service provider, by a foreign national at the time of the award of the contract and (2) any material change in any ownership of or investment in the election service provider, or control of the election service provider, by a foreign national at any time for the duration of the contract. On a determination by the State Administrator that the foreign national has the ability to control, influence, or direct the election service provider in any manner that would compromise or influence, or give the appearance of compromising or influencing, the independence and integrity of an election, the State Administrator may terminate, in whole or in part, the contract with the election service provider. If the State Administrator

exercises the authority to terminate a contract, the State Administrator must notify certain State officials in writing.

Nomination of Candidates

House Bill 176 (passed) provides that candidates nominated by a new political party must file a certificate of candidacy by 5 p.m. on the first Monday in August, and must also file a certificate of nomination signed by the officers of the new political party. A certificate of nomination for a candidate for President or Vice President of the United States nominated by a national party convention must be filed by the presiding officers of the national party convention with SBE within five days after the conclusion of the convention. The State Administrator is authorized to establish satellite locations for a temporary period to receive a certificate of candidacy.

Absentee Ballots

House Bill 174 (passed) requires an absent uniformed services or overseas voter, or a voter with a disability, to provide only the last four digits of the voter's Social Security number, rather than the voter's full Social Security number, in instances where the voter uses the online absentee ballot application to request that an absentee ballot be sent by any method or who uses any method to request to receive a blank absentee ballot through the Internet, and does not have a Maryland driver's license or Maryland identification card.

Senate Bill 230 (passed) requires a local board of elections to prepare and release a report of the unofficial results of the absentee ballot vote tabulation at the end of each day of canvassing.

Local Boards of Elections

In Anne Arundel, Baltimore, Calvert, Dorchester, Garrett, Howard, and St. Mary's counties, the local board consists of three regular members and two substitute members. Two regular members and one substitute member must be of the majority party and one regular member and one substitute member must be of the principal minority party. The majority party is the party of the Governor and the principal minority party is the party of the candidate for Governor who received the second highest number of votes in the most recent gubernatorial election. *Senate Bill 651 (passed)* alters the membership of the local boards of elections in those counties to consist of five regular members, with three members being of the majority party and two members being of the principal minority party. As a result, all the local boards of elections have five regular members except Montgomery County, which has five regular members and two substitute members, and Prince George's County, which has five regular members and three substitute members.

Miscellaneous

House Bill 177 (passed) repeals a requirement that a local board provide by certified mail to SBE a copy of the complaint or other pleading in any judicial proceeding in which the local

board is a party. As a result, the bill allows a local board to send the documents to SBE electronically.

Senate Bill 184/House Bill 71 (both passed) establish requirements for open meetings of SBE, including requiring that live video streaming of each open meeting of the board be made publicly available on the Internet. For a more detailed discussion of these bills, see the subpart “State Agencies, Offices, and Officials” within this part of this *90 Day Report*.

Polling Places

The State first offered early voting in the 2010 elections and has expanded early voting locations and hours in subsequent years. The number of early voting centers each county must operate is set in statute and is based on the number of registered voters in each county. Counties with fewer than 200,000 registered voters are authorized to establish one early voting center in addition to the number of early voting centers the county is required to operate if SBE, in collaboration with the local board, and the governing body of the county agree to establish an additional early voting center. *House Bill 237 (passed)* expands that authorization to apply to all counties.

Senate Bill 364 (passed) establishes a page program to stimulate the interest of students in the election process and assist election judges in polling places on Election Day. Participation in the program is voluntary for local boards of elections. To participate in the program, an individual must be at least 14 years old and complete training developed by SBE. Pages may work one or two four-hour shifts on Election Day. Local boards may certify community service hours for pages.

Campaign Finance

Failure to File

SBE must assess a late filing fee for a failure to file a campaign finance report, an affidavit, or an amended campaign finance report. Continued failure to file and nonpayment of the late filing fee, without cause, can also result in a misdemeanor and referral for prosecution of the responsible officers of a campaign finance entity. Additionally, an individual who has failed to file a campaign finance report that is due from, or on behalf of, that individual may not, until the individual corrects the failure to file, (1) be deemed to be elected to a public or party office in the State; (2) take the oath or otherwise assume duties of the office; or (3) receive any salary or compensation for the office. An individual also may not become a candidate for any public or party office in the State, or become a treasurer of a campaign finance entity, if there exists a failure to file or failure to pay a late filing fee with respect to any campaign finance report due from, or on behalf of, the individual in the preceding five years.

House Bill 878 (passed) increases the fees due for each day or part of a day that a campaign finance report, an affidavit, or an amended campaign finance report is overdue. The fee is \$20 for each of the first 7 days, \$35 for each of the following 7 days, and \$50 for each day thereafter. The maximum fee payable for a report or affidavit is \$1,000. In addition, the bill prohibits the issuance

of a certificate of nomination to a candidate if the candidate has failed to file a report or affidavit or pay a late filing fee on or before the deadline for declining the nomination. SBE is required to notify candidates in writing of the consequences for failure to rectify a failure to file or pay a late filing fee at least 20 days before the deadline for declining the nomination. A vacancy in nomination that occurs because of the bill must be filled by the appropriate party central committee in accordance with provisions of law governing filling of vacancies in nomination.

Coordinated Expenditures

Chapter 852 of 2017 established standards regarding when a disbursement to promote the success or defeat of a candidate or a political party at an election is a “coordinated expenditure” subject to existing campaign contribution limits. Chapter 852 prohibits a person from making a coordinated expenditure in excess of the contribution limits or a donation to a person for the purpose of furthering a coordinated expenditure in excess of the contribution limits. A candidate or political party is also prohibited from being the beneficiary of a coordinated expenditure in excess of the contribution limits. *Senate Bill 123/House Bill 1025 (both passed)* authorize the State Administrator, or the State Administrator’s designee, to investigate a potential violation of the coordinated expenditure provisions instead of SBE. The bills also authorize the State Administrator or the State Administrator’s designee to issue a subpoena in furtherance of an investigation of a potential violation. The subpoena may require the attendance of a witness to testify or the production of records. A circuit court may compel compliance with a subpoena. A court filing related to a subpoena must be sealed.

Termination of a Campaign Finance Entity

A campaign finance entity of an individual must terminate and file a final campaign finance report if the individual is not a filed candidate or the incumbent in any office and the campaign finance entity has funds remaining after the payment of all outstanding debts and obligations. If a campaign finance entity that is terminating has surplus funds remaining after the payment of all outstanding obligations, the surplus funds may be returned to the contributors or paid to a state or local central committee of the political party of which the candidate is a member or for which the political committee is acting, a county board of education, a nonprofit organization that benefits pupils or teachers, a charitable organization, the Fair Campaign Financing Fund, or an institution of higher education if the payment is used solely for scholarships, grants, or loans to students attending the institution.

Senate Bill 950 (passed), an emergency bill, authorizes surplus funds in the account of a campaign finance entity that is terminating to be paid to the legislative party caucus committee of the political party of which the candidate is a member or for which the political committee is acting. The bill also requires that within one year of a candidate’s death, the candidate’s authorized candidate campaign committee must pay all outstanding obligations, dispose of any surplus funds, and terminate and file a final campaign finance report. The treasurer of the candidate’s campaign committee is required to consider the preferences expressed by the candidate, if any, when determining where to dispose of any surplus funds remaining in the committee’s account.

Public Financing

Chapter 419 of 2013 authorized the governing body of a county to establish a system of public campaign financing for elective offices in the executive and legislative branches of county government. Montgomery, Howard, and Prince George’s counties have enacted local laws establishing public campaign financing systems for county executive and county council offices. In addition, Baltimore City voters approved a charter amendment during the November 2018 election authorizing the mayor and city council to establish a public campaign financing program. *House Bill 830 (passed)* requires the governing body of a county that establishes a system of public campaign financing to provide the funding and staff necessary for the operation, administration, and auditing of the system of public campaign financing.

Local Jurisdiction Provisions

House Bill 673 (passed) imposes restrictions on (1) solicitation, receipt, deposit, or use of contributions by members of certain boards and commissions in Frederick County, persons acting on the members’ behalf, or campaign finance entities affiliated with the members and (2) expenditures by campaign finance entities affiliated with the members. *Senate Bill 710/House Bill 993 (both passed)* authorize the County Council of Anne Arundel County to enact a local law regulating campaign contributions by a person involved with certain zoning or land use legislative actions to a member of the county council, the county executive, or a candidate for those offices. The local law may also regulate participation by a member of the county council or the county executive in certain zoning or land use legislative actions if the member or county executive has accepted a contribution from a person involved with the action. For further detailed discussion of these bills, see the subpart “Ethics” within this part of this *90 Day Report*.

Redistricting

The General Assembly has considered numerous 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 91/House Bill 44 (both failed) are Administration bills that would have proposed a constitutional amendment to (1) alter requirements for State legislative districts, including requiring that members of the House of Delegates be elected from single-member districts; (2) establish requirements for congressional districts; (3) repeal existing provisions pertaining to the development and adoption of the legislative districting plan; (4) require an independent Legislative and Congressional Redistricting and Apportionment Commission to prepare, certify, and submit legislative and congressional districting plans for consideration by the General Assembly; (5) establish procedures through which the General Assembly must consider the legislative and congressional districting plans submitted by the Redistricting Commission; and (6) grant the Court of Appeals exclusive original jurisdiction to review, on petition, an adopted

legislative or congressional districting plan and, under certain circumstances, establish a legislative or congressional districting plan.

Senate Bill 90/House Bill 43 (both failed) are Administration bills that would have implemented the constitutional amendment proposed by *Senate Bill 91/House Bill 44*. The bills would have (1) established the Legislative and Congressional Redistricting and Apportionment Commission; (2) specified the membership, duties, and procedures of the Redistricting Commission; (3) specified the responsibilities of the State Ethics Commission with respect to the selection and removal of members of the Redistricting Commission; (4) specified procedures for the review or establishment of a State legislative or congressional districting plan by the Court of Appeals; and (5) required the Governor to include funding in the State budget to carry out the activities required by the bills.

On November 7, 2018, a three-judge panel of the U.S. District Court for the District of Maryland found Maryland's congressional map in violation of the First Amendment to the U.S. Constitution and ordered the State to redraw the boundaries of the Sixth Congressional District in advance of the 2020 elections. The court subsequently stayed the injunction, pending appeal in the U.S. Supreme Court, until the earlier of a Supreme Court resolution or July 1, 2019. The U.S. Supreme Court heard arguments in the case (*Lamone v. Benisek*) on March 26, 2019. In November 2018, in response to the District Court's ruling, the Governor issued an executive order establishing the Emergency Commission on Sixth Congressional District Gerrymandering. The executive order charged the commission with preparing a new congressional map that revises the boundaries of the Sixth Congressional District to comply with the court order. *Senate Bill 1050/House Bill 1430 (both failed)* would have implemented the recommendations of the Emergency Commission on Sixth Congressional District Gerrymandering by revising the boundaries of the Sixth and Eighth congressional districts.

Ethics

Regulated Lobbyist Registration and Reporting

The Maryland Public Ethics Law requires a regulated lobbyist to file specified registrations and reports with the State Ethics Commission. In addition, a regulated lobbyist must file a report related to a legislative unit meal or reception with the Department of Legislative Services. *Senate Bill 79 (passed)* requires a regulated lobbyist to file these registrations and reports electronically.

Local Government

The Maryland Public Ethics Law includes special provisions for Frederick County related to campaign activities by 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. *House Bill 673 (passed)* prohibits (1) a member of one of these boards; (2) a person acting on behalf of the member; (3) a campaign finance entity of the member; or (4) any other campaign finance entity operated in coordination

with the member, from soliciting, receiving, depositing, or using a contribution while the member is serving on the board or commission. In addition, the bill prohibits a campaign finance entity of the member or any campaign finance entity operated in coordination with the member from making an expenditure, except to pay a specified late filing fee or civil penalty, while the member is serving on the board or commission. A campaign finance entity of the member or a campaign finance entity operated in coordination with the member must pay any outstanding obligations before the member begins serving on the board or commission.

Senate Bill 710/House Bill 993 (both passed) authorize the County Council of Anne Arundel County to enact local laws regulating (1) campaign contributions made to, or for the benefit of, a member of the county council or the county executive, or a candidate for those offices, by an individual or business entity involved with specified zoning- or land use-related legislative action and (2) participation by a member or county executive in such a legislative action if the member or county executive accepts or has accepted such a contribution, including while a candidate for the office.

Procurement

Procurement Preferences

Several provisions in State law give preferences to specific types of bidders or offerors in State procurement. The State's Minority Business Enterprise (MBE) program requires that a statewide goal for participation by certified MBEs in State contracts be established biennially through the regulatory process. The State's Small Business Preference program (SBP) applies to the procurement of supplies, services, and construction-related services by the Department of General Services (DGS), Maryland Department of Transportation (MDOT), University System of Maryland, Morgan State University, and Department of Public Safety and Correctional Services (with respect to the construction of correctional facilities). Under SBP, a qualified small business may receive up to a 5% price preference, a veteran-owned small business may receive up to a 7% price preference, and a disabled veteran-owned small business may receive up to an 8% price preference on any contract that is designated as eligible under the program.

Senate Bill 983/House Bill 284 (both passed) establish that regulations governing SBP must require qualification of a Maryland business as a small business for the exclusive purpose of pursuing out-of-state contracts if the business has 250 or fewer employees or average annual gross receipts of \$10 million or less over the previous three years. The bills also require that regulations governing the State's MBE program allow for the certification of a business as an MBE if the business has obtained certification under the federal Disadvantaged Business Enterprise Program and meets the eligibility requirements of the State's MBE program. The regulations required by the bills must be adopted by December 31, 2019.

Senate Bill 421/House Bill 685 (both passed) extend by one year, to July 1, 2020, the requirement that a video lottery facility applicant or licensee be subject to the MBE participation goal set in State law and any other corresponding MBE provisions. The bills also extend by

one year, from December 14, 2018, to December 13, 2019, the deadline for MDOT to complete a study of the MBE requirement's compliance with federal law.

House Bill 1279 (passed) requires the Maryland-National Capital Park and Planning Commission (M-NCPPC), in consultation with MDOT and the Office of the Attorney General, to complete a study to evaluate whether a compelling interest exists to assist minorities and women to participate in the commission's procurement contracts. If the study concludes that a compelling interest exists, the bill authorizes M-NCPPC to establish an MBE program similar to the State's program. The bill also authorizes the commission to establish a local small business enterprise preference program under specified conditions. Authorization for the MBE program terminates October 1, 2022. Additionally, M-NCPPC must adopt procurement regulations consistent with standards and methods for source selection in State law.

Prevailing Wage Projects

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. 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 300 (Ch. 9)** authorizes an employee under a public work contract who is paid less than the applicable prevailing wage rate to sue to recover the difference between wages paid and the prevailing wage rate without first filing a complaint with the Commissioner of Labor and Industry. A determination by the commissioner that a contractor is required to make restitution does not preclude the employee filing the action. The Act also provides that a contractor and subcontractor are jointly and severally liable for any violation of the subcontractor's obligation to pay prevailing wage rates.

The calculation of the prevailing wage rate is required to include a fringe benefit component (which is in addition to the base hourly rate) that reflects the cost to an employer of providing medical coverage, retirement benefits, and other fringe benefits. If a contractor on a prevailing wage project elects not to provide health insurance and other fringe benefits, the fringe benefit component of the wage is instead paid to the employee. **Senate Bill 433/House Bill 680 (both passed)** require the Board of Public Works (BPW) to adopt regulations that require all bidders, contractors, and subcontractors on State-funded construction projects to pay employee health care expenses, as defined by the bills. The bills do not apply to MBEs or businesses with 30 or fewer employees. DGS and MDOT must establish by regulation procedures for bidders, contractors, and subcontractors to certify that the employee health care expenses are paid as required. If a responsible bidder that is awarded a contract fails to timely submit any records required by the procurement officer to support the certification, the procurement officer may void the contract. Additionally, the bills establish penalties for providing false information and require BPW to collect and report information on the provision of health care coverage for all construction-related, competitive sealed bids for three years after the bills' enactment.

Procurement Methods

Qualification-based selection (QBS) is a procurement process in which selection is based on qualifications such as knowledge, skill, experience, and other related factors, rather than on fees. Fees are negotiated with the top-ranked firm selected through a competitive process for an agreed-upon scope of work. Chapters 588 and 589 of 2017 authorized the use of QBS for the procurement of architectural and engineering services by DGS and MDOT if the procurement is made on a competitive basis, includes an evaluation of technical proposals of at least two persons, and the services cannot be provided feasibly and economically with existing in-house resources. *House Bill 478 (passed)* authorizes DGS and MDOT to use QBS to procure land surveying services by integrating the procurement of land surveying services into existing QBS law.

Other Procurement Legislation

To the extent practicable and subject to a waiver process established jointly by the Department of Budget and Management (DBM) and DGS, the State must include public art in all construction projects funded entirely with State funds. *Senate Bill 12 (passed)* extends this requirement to apply also to capital projects that are funded with a combination of at least 50% State funds and funds from private entities, and are not funded in the State capital budget as a miscellaneous grant program or as a local House of Delegates or Senate initiative.

Chapter 734 of 2018 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. *Senate Bill 17/House Bill 365 (both passed)* specify that, in addition to applying to grants or contracts awarded on or after October 1, 2018, Chapter 734 also applies to (1) a multi-year grant or grant or contract awarded before October 1, 2018, if the grant or contract remains in effect after that date and funding for the grant or contract is required to be authorized separately for each fiscal year and (2) an extension or a renewal of a grant or contract if the extension or renewal was awarded on or after July 1, 2019. However, any indirect costs incurred under a multi-year grant or contract in a fiscal year that began prior to July 1, 2019 are not required to be reimbursed.

State law defines an energy performance contract (EPC) as an agreement for the provision of energy services in which a person agrees to design, install, finance, maintain, or manage energy systems or equipment to improve the energy efficiency of a building or facility in exchange for a portion of the energy savings. Primary procurement units in the State are authorized to enter into EPCs with a duration of no more than 15 years, subject to specified reviews by the Maryland Energy Administration (MEA) and the approval and control of BPW. *Senate Bill 53 (passed)* makes DGS rather than MEA responsible for reviewing requests for proposals for EPCs prior to their issuance and for reviewing the proposed EPCs prior to their approval by BPW.

Chapters 467 and 468 of 2012 created the Major Information Technology Development Project Fund to pay for major information technology development projects in general funded agencies. Among other sources of revenue, the fund consists of money received from information technology agreements involving resource sharing, but MDOT, the Maryland Transportation

Authority, the Maryland Public Broadcasting Commission, as well as the Legislative Branch and the Judiciary are exempt from paying any money into the fund. *Senate Bill 253 (passed)* exempts proceeds from resource-sharing agreements entered into by Baltimore City Community College (BCCC) from having to be deposited into the fund. However, the bill does not apply to any money received by BCCC from a lease or resource-sharing agreement before the bill's October 1, 2019 effective date.

DBM must submit an annual report to the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Department of Legislative Services on selected interagency agreements between an agency or unit of the Executive Branch of State government and a public institution of higher education. *Senate Bill 755/House Bill 658 (both passed)* require DBM to include in this annual report information about interagency agreements with the public four-year historically black colleges and universities (HBCUs) in Maryland: Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore. The information must include the total percentage of interagency contracts with HBCUs, by agency or unit, and any recommendations for regulatory or statutory changes necessary to address barriers to interagency agreements with HBCUs.

Personnel

Impact of Budget Actions on State Employees

The fiscal 2020 budget includes a 3% general salary increase (5% for law enforcement officers), effective July 1, 2019. Correctional officers will receive an additional increase of 6%. Funding was not provided for employee increments. If fiscal 2019 revenues exceed forecasted levels by at least \$75 million, employees will receive an additional 1% increase in January 2020. In fiscal 2020, the size of the regular State workforce, including State higher education institution employees, will be 80,863 positions, which represents a decrease of 81 positions from fiscal 2019.

The Budget Reconciliation and Financing Act of 2019 (BRFA), *House Bill 1407 (Ch. 16)* includes a provision that authorizes, for fiscal 2020 only, the use of estimated nonwithholding income tax revenues, if realized, in the Fiscal Responsibility Fund to provide for up to a 2% general salary increase for certain employees. 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

The State Employee and Retiree Health and Welfare Benefits Program (State plan) is established in statute to provide health insurance benefit options to State employees and retirees. Chapter 397 of 2011 established new eligibility requirements for retirees to enroll in the State plan and qualify for the premium subsidy if they are hired on or after July 1, 2011, and made changes to coverage provided to State retirees, particularly in the area of prescription drug coverage. In accordance with Chapter 397, State prescription drug coverage for Medicare-eligible retirees was

to end July 2019; however, Chapter 10 of 2018 (the Budget Reconciliation and Financing Act) accelerated the elimination of State prescription drug coverage for Medicare-eligible retirees to January 1, 2019, to align with federal improvements to Medicare Part D coverage under the Affordable Care Act. State prescription drug coverage is currently in effect, though, as a result of a temporary restraining order and preliminary injunction issued by a federal court on October 16, 2018, preventing the State from terminating coverage until the lawsuit is resolved.

Senate Bill 946 (passed) establishes prescription drug out-of-pocket (OOP) reimbursement or catastrophic coverage programs for specified State retirees and their dependents, or surviving dependents, who are enrolled in a Medicare prescription drug benefit plan. Except as specified in the bill, by January 1, 2020, the Department of Budget and Management (DBM) must establish the following three plans:

- the Maryland State Retiree Prescription Drug Coverage Program, which will reimburse a participant for OOP prescription drug costs that exceed limits established in the State plan (currently \$1,500 for an individual and \$2,000 for a family). The program is available only to an individual who (1) retired from the State on or before December 31, 2019; (2) is enrolled in a prescription drug benefit plan under Medicare; and (3) is eligible to enroll and participate in the State plan;
- the Maryland State Retiree Catastrophic Prescription Drug Assistance Program, which will reimburse a participant for OOP costs after a participant enters catastrophic coverage under a Medicare drug benefit plan (approximately \$2,500). The program is available only to an individual who (1) began State service on or before June 30, 2011; (2) retired on or after January 1, 2020; and (3) is eligible to enroll and participate in the State plan; and
- the Maryland State Retiree Life-sustaining Drug Assistance Program, which will reimburse a participant for OOP costs for a life-sustaining drug that is covered under the State plan but is not covered under the individual’s Medicare prescription drug plan. This program is available only to an individual who (1) is eligible to enroll and participate in the State plan and (2) is enrolled in either the Maryland State Retiree Prescription Drug Coverage Program or the Maryland State Retiree Catastrophic Prescription Drug Assistance Program.

Senate Bill 946 delays implementation of the three plans while the injunction is pending and requires that there be at least nine months before open enrollment before the bill is implemented. These provisions mean that the earliest the bill would be implemented would be January 1, 2021. **Senate Bill 946** requires DBM to ensure access to specified one-on-one counseling to Medicare-eligible retirees, and requires the Secretary of Budget and Management, by September 1, 2019, to notify specified individuals of their eligibility to enroll in the programs. The bill also establishes two reporting requirements. DBM must submit a report to certain committees by December 31, 2019, identifying details of the one-on-one counseling and related services and plans for communicating with Medicare-eligible retirees. DBM must also submit quarterly reports to certain committees on the status of implementing the provisions of the bill.

State retiree health liabilities increase by at least \$2.84 billion over 30 years. While this increase could negatively affect the State's AAA bond rating, the cost of restoring retiree prescription drug coverage to the levels prior to the enactment of Chapter 397 of 2011 would have resulted in a significantly higher increase in the State's retiree health liabilities (\$10.7 billion over 30 years).

Chapter 783 of 2017 (the Payroll Recovery Act), introduced in response to implementation issues surrounding the State's fully automated Workday Timekeeping System, generally requires the Central Payroll Bureau to establish regular pay periods and pay each employee as specified, and allows a State employee or the employee's exclusive representative to initiate a grievance under the State's grievance procedures under specified circumstances. *Senate Bill 496/House Bill 531 (both passed)* repeal the June 30, 2019, termination provision of Chapter 783 of 2017.

Since 1979, DBM and the Maryland School for the Deaf (MSD) have had a standing agreement that MSD teachers do not earn annual leave since they are paid for all school calendar breaks, in a manner similar to teachers employed by local school systems. *Senate Bill 64 (passed)* codifies this existing practice by eliminating annual leave and entitling MSD employees who work 11 months or less in a calendar year to three days of personal leave with pay, rather than personal and annual leave as specified for employees in the State Personnel Management System (SPMS).

Hiring, Special Appointments, and Employee Transfer Practices

Most positions within the Maryland State Department of Education (MSDE) are designated as "professional assistants," which is 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 SPMS. *Senate Bill 422/House Bill 390 (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, 2019, 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.

Teachers employed by MSD are classified as being in the professional service, but they are designated as special appointments. Special appointments have at-will status, while SPMS employees in the professional service have a merit protected status after completing a probationary period. *Senate Bill 35/House Bill 137 (both passed)* codify existing practice by establishing that teachers who are employed by MSD are in the professional service in SPMS.

The Governor's Appointments Office performs the function of recommending to the Governor the appointment or nomination of an individual to serve as a member of any entity that, by law, requires the membership to be appointed in whole or in part by the Governor. The Appointments Office may not direct or overrule, or otherwise take any action regarding the

decision of an appointing authority, the Secretary of Budget and Management, or any unit of DBM, to appoint, promote, transfer, reassign, discipline, or terminate an employee under the jurisdiction of the appointing authority. *Senate Bill 751 (passed)* prohibits an appointing authority from delegating the authority to make the final decision on the appointment of a State employee. *Senate Bill 751* also establishes new requirements for a specified personnel report and for special appointment job position descriptions. The Appointments Office must submit an annual report to the Joint Committee on Fair Practices and State Personnel Oversight on the office’s activities regarding employees who are under the jurisdiction of an appointing authority. The Office of the Attorney General must operate or provide for a hotline or an email address to receive and record information about alleged violations of the bill.

State Employee 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 of Budget and Management, 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 a Transportation Service employee and MDOT over the interpretation and application of regulations, rules, or policies over which management has control.

House Bill 891 (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 between the State and the exclusive representative. The State employee grievance proceedings apply to other independent personnel systems, and the bill does not apply to Maryland Transit Administration employees. The Secretary of Transportation must adopt regulations that address procedures for redressing of grievances, under the broader application of “grievance” in the bill. General fund and Transportation Trust Fund expenditures increase by \$1.1 million in fiscal 2020 for State agencies to resolve a higher volume of grievances and refer more cases to the Office of Administrative Hearings (OAH). Thus, reimbursable revenues for OAH increase by \$387,100 in fiscal 2020 and reimbursable expenditures increase by \$98,000.

Senate Bill 711/House Bill 822 (both passed) establish that a constituent institution of the University System of Maryland (USM) may remove, suspend, or demote a regular full-time or part-time employee represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article who is not on probation only (1) for cause; (2) on written charges; and (3) in accordance with University of Maryland Regular Employee Grievance Procedures (Title 13, Subtitle 2 of the Education Article, as renamed by the bill). The bills also clarify that USM may not remove, suspend, or demote a regular full-time or part-time employee for any reason prohibited by State antidiscrimination law, as specified. The three-step grievance procedure for USM classified employees applies to all USM regular full-time and part-time employees who are

represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article.

Pensions and Retirement

The vast majority of pension-related legislation passed during the 2019 session were bills introduced as Joint Committee on Pensions legislation at the request of the Board of Trustees for the State Retirement and Pension System (SRPS) to clarify or update existing statutory provisions, conform statute to existing practices, and address unforeseen negative consequences of prior legislation. Other legislation passed during the session addressed the reimbursement of retiree prescription drug out-of-pocket costs and the procurement and reporting of investment management services.

Prescription Drug Coverage for State Retirees

Senate Bill 946 (passed) establishes prescription drug out-of-pocket cost reimbursement or catastrophic coverage programs for specified State retirees, dependents, or surviving dependents who are enrolled in a Medicare prescription drug benefit plan. For a more detailed discussion of this issue, see the subpart “Personnel” within this part of this *90 Day Report*.

Death Benefits and Beneficiary Designations

State pension law allows surviving beneficiaries to receive some or all of a retiree’s pension allowance when the retiree dies. *Senate Bill 828/House Bill 860 (both passed)* provide a survivor benefit equal to 50% of the basic allowance that would have been paid to a deceased member of SRPS to specified surviving children if there is no surviving spouse. The bills also allow specified surviving children to enroll in the State Employee and Retiree Health and Welfare Benefits Program (the State health insurance plan) under specified circumstances.

Senate Bill 186/House Bill 266 (both passed) allow retirees of SRPS to rescind a request to change their designated beneficiary before the second monthly allowance is paid (instead of before the first allowance is paid). If a retiree rescinds the change of beneficiary under the bills, the benefit payment amount for the next payment is restored to the amount paid before the change in beneficiary, but no retroactive adjustment will be made.

Senate Bill 120/House Bill 64 (both passed) authorize a member of SRPS to designate a beneficiary either by submitting a notarized written designation to the State Retirement Agency (SRA) or electronically through SRA’s secure access portal. The legislation aligns statutory requirements with improvements made to the SRAs pension management system, which enable automation of some previously paper-based processes.

Return to Employment

The Alternate Contributory Pension Selection (ACPS) is a benefit tier within the Employees' Pension System (EPS) and the Teachers' Pension System (TPS) that closed to new members on June 30, 2011. *Senate Bill 153/House Bill 265 (both passed)* expand the pool of members of EPS or TPS who can resume participation in ACPS after a separation from employment to include all those who are vested in ACPS – not just those who vested by June 30, 2011. The bills apply retroactively to any eligible individual who resumed employment in a position covered by EPS or TPS on or after July 1, 2011.

Senate Bill 827/House Bill 862 (both passed) clarify certain provisions related to the reemployment of retirees of the State Police Retirement System. The bills do not make substantive changes.

Investments

Carried interest is earned by investment managers in private markets (*e.g.*, private equity, private real estate) and is the amount that a general partner (investment manager) retains as an ownership interest in the investment profits generated by the partnership. *House Bill 821 (passed)* requires SRPS to report annually on the amount of carried interest on any assets in the system; the first such report must include data from fiscal 2015 through 2019. The bill conforms statutory reporting requirements with current SRPS practice.

House Bill 469 (passed) exempts the Maryland Supplemental Retirement Plans (MSRP) from most provisions of State procurement law for the selection of investment managers; expenditures for the safe custody of deposited assets; and expenditures to manage, maintain, and enhance the value of deposited assets. The bill also requires the MSRP board to make arrangements for the safe custody of investments with one or more duly qualified custodian banks or trust companies. The procurement exemption for MSRP is similar to an exemption given to SRPS for the procurement of investment managers.

Correctional Officers' Retirement System

Since 2016, various laws have required members of EPS and the Employees' Retirement System (ERS) to transfer to the Correctional Officers' Retirement System (CORS) but gave some of these members the option not to transfer their eligibility and creditable service to CORS. These individuals who are vested in EPS/ERS will retire with a vested benefit from EPS/ERS. Most of these individuals are not eligible for credit for unused sick leave earned in EPS/ERS because they are not retiring within 30 days of ending service in EPS/ERS. Thus, if they have many years of service in EPS/ERS, they will lose (or have lost) most of their credit for unused sick leave. *Senate Bill 829/House Bill 861 (both passed)* entitle specified members of CORS to receive creditable service for the total amount of unused sick leave accrued by the member at the time of retirement. The bills include a retroactive provision that requires, for specified CORS retirees, an adjustment to their retirement benefit to reflect credit for unused sick leave.

Since 1945, governmental units have been authorized to participate in the State pension system. Queen Anne's County is a governmental unit that participates in EPS. *Senate Bill 636/House Bill 1056 (both passed)* make Queen Anne's County detention center officers members of CORS as a condition of employment, subject to Queen Anne's County beginning participation in CORS. Past eligibility and creditable service with Queen Anne's County transfers to CORS for affected officers.

Plan Administration

When SRPS retroactively awards a line-of-duty benefit after first awarding an ordinary disability that has been offset by the Workers' Compensation Commission, SRPS must then reduce the line-of-duty benefit by the amount of the workers' compensation award, resulting in the retiree having the same offset taken twice. *Senate Bill 486/House Bill 863 (both passed)* require SRPS to adjust its offset of an accidental or special disability retirement benefit if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental or special disability benefit to avoid a double offset.

The Optional Retirement Program (ORP) is a tax-favored defined-contribution retirement savings plan available to designated employees of certain institutions as an alternative to members in SRPS. *Senate Bill 179/House Bill 267 (both passed)* require the SRPS board to adopt and maintain a written plan document for ORP and authorize the SRPS board to adopt the regulations that it deems necessary to carry out its ORP responsibilities. The bills conform these statutory requirements with current SRPS practice.

SRPS is entering the final phase of the development of the new Maryland Pension Administration System (MPAS), which will allow the agency to shift many of its paper-based business practices to a more efficient automated system. In contemplation of the finalization of MPAS, *Senate Bill 306/House Bill 63 (both passed)* require participating employers in SRPS to submit member contributions and payroll data supporting the contributions at the same time rather than separately. The bills maintain and make conforming changes to existing penalties for failure to provide timely payments and supporting payroll information to the system.

General Assembly

Department of Legislative Services

Office of Program Evaluation and Accountability

The Department of Legislative Services (DLS) is the nonpartisan staff agency for the General Assembly. *Senate Bill 640/House Bill 1113 (both passed)* establish the Office of Program Evaluation and Government Accountability within DLS. The office will conduct performance evaluations of State entities, registers of wills, and local school systems. Unlike performance audits, which are generally designed to determine whether a program or unit is meeting a particular standard, performance evaluations are generally designed to determine how a program or unit is

performing and the reasons for its performance. Program evaluations may also recommend programmatic or legislative changes. In addition, the office must investigate fraud, waste, and abuse of resources at the direction of the Joint Audit Committee, the Executive Director of DLS, or the director of the office.

Additionally, the bills make changes to the Joint Audit Committee and eliminate the required evaluations under the Maryland Program Evaluation Act (MPEA). For a further discussion of these changes, see “Joint Audit Committee” and “Program Evaluation (“Sunset Review”),” respectively, within this subpart.

Joint Audit Committee

Senate Bill 640/House Bill 1113 rename the Joint Audit Committee to be the Joint Audit and Evaluation Committee. Additionally, the bills alter the duties of the committee to include reviewing performance evaluations conducted and reports issued by the Office of Program Evaluation and Government Accountability and submit findings and recommendations to the General Assembly related to those evaluations and reports, and review the performance evaluation process and procedures and provide comment and recommendations to the President of the Senate, the Speaker of the House of Delegates, the Executive Director of DLS, and the director of the office. Additionally, the committee may direct the office to conduct a performance evaluation of certain units of government or certain corporations and associations, or an investigation of an act or allegation of fraud, waste, or abuse of resources. Finally, the committee is given the authority to direct the office to conduct an assessment or a scoping performance evaluation of a unit of State government to determine whether a more comprehensive evaluation should be undertaken and waive the unit from the more comprehensive evaluation based on the findings.

Councils and Task Forces with Legislative Membership

Each year, the General Assembly creates various groups to conduct in-depth studies of public policy issues, eliminates obsolete groups, and restructures other entities. The following bills relate to councils and task forces that include members of the General Assembly in their memberships.

House Bill 245 (passed) establishes a Student Data Privacy Council to (1) study the development, implementation, and impact of the Student Data Privacy Act of 2015; (2) review and analyze similar laws and best practices in other states; (3) analyze developments in technology as they relate to student data privacy; and (4) make specified recommendations to the Governor and the General Assembly. The council includes one member of the Senate and one member of the House of Delegates. For a more detailed discussion of *House Bill 245*, see the subpart “Primary and Secondary Education” within Part L – Education of this *90 Day Report*.

Senate Bill 856/House Bill 606 (both passed) establish a Juvenile Justice Reform Council. The bills charge the council with, among other things, using a data-driven approach to develop a statewide policy framework for investing in strategies to increase public safety and reduce recidivism of youth offenders. The council includes three members of the Senate and

three members of the House of Delegates. For a more detailed discussion of *Senate Bill 856/House Bill 606*, see the subpart “Juvenile Law” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

House Bill 923 (passed) establishes a Task Force to Study Transportation Access to make recommendations to improve access to employment, training and education opportunities, health and rehabilitation services, and other services for individuals and families in the State without access to public transportation or the ability to use personal motor vehicles. The task force includes one member of the Senate and one member of the House of Delegates. For a more detailed discussion of *House Bill 923*, see the subpart “Transportation” within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

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. *Senate Bill 640/House Bill 1113* eliminate the evaluations required under MPEA and instead require DLS to conduct evaluations of an entity when directed by the Legislative Policy Committee, the Joint Audit Committee, the Executive Director of DLS, the Director of the Office of Policy Analysis, or the Director of the Office of Program Evaluation and Government Accountability. The termination dates for the various entities subject to the law are maintained and each entity is required to ensure that legislation is requested to extend the entity; however, the legislation may not extend the entity for a period that exceeds 10 years.

This session, legislation advanced, extended, or repealed the evaluation and termination dates of the following regulatory entities. Any significant substantive changes to an entity’s powers and duties are discussed in the appropriate subject area parts of this *90 Day Report*.

Chapter 166 of 2011 established the Prescription Drug Monitoring Program to monitor the prescribing and dispensing of specified controlled dangerous substances. Among other things, *House Bill 466 (passed)* repeals the termination date of the program.

The State Board of Physicians is charged with enforcing the Maryland Medical Practice Act and the Maryland Physician Assistants Act. *House Bill 638 (passed)* advances the termination date of the board and the related allied health advisory committees (with the exception of the Physician Assistants Advisory Committee) to June 1, 2020. An evaluation by DLS must be conducted during the 2019 interim.

The State Athletic Commission manages, supervises, and regulates boxing, kickboxing, and mixed martial arts events in the State. *Senate Bill 347/House Bill 1099 (both passed)* extend the termination date of the commission to July 1, 2031.

The State Board of Barbers licenses barbers and barber-stylists and registers apprentices. *Senate Bill 439/House Bill 953 (both passed)* extend the termination date of the board to July 1, 2024.

The State Board of Cosmetologists licenses cosmetologists and registers apprentices. *Senate Bill 440/House Bill 952 (both passed)* extend the termination date for the board to July 1, 2024.

The Maryland State Police, through its Licensing Division, licenses and regulates security systems and agencies and registers security systems technicians in the State. *Senate Bill 438/House Bill 951 (both passed)* extend the termination date of the licensing and regulation of security systems agencies and technicians to July 1, 2031.

The State Board of Waterworks and Waste Systems Operators examines and certifies superintendents and operators of waterworks and waste systems. *Senate Bill 585/House Bill 1100 (both passed)* extend the termination date of the board to July 1, 2031.

The State Board of Well Drillers licenses well drillers working in Maryland. *Senate Bill 671/House Bill 1114 (both passed)* extend the termination date of the board to July 1, 2031.

Censure and Reprimand

On February 28, 2019, the House adopted *House Simple 1 (passed)*, a Resolution of Censure, ordering the censure of Delegate Mary Ann Lisanti for her use of a racial slur in referring to a predominantly African American legislative district.

On February 5, 2019, the Speaker of the House of Delegates made a referral to the Joint Committee on Legislative Ethics (Ethics Committee) requesting that the Ethics Committee review an alleged pattern of bullying and abusive workplace behavior by Delegate Jay Jalisi. The Ethics Committee reviewed the matter and submitted the *Report of the Joint Committee on Legislative Ethics In Re: Delegate Jay Jalisi* to the Speaker on March 25, 2019. On March 27, 2019, the House adopted *House Simple 2 (passed)*, a Resolution of Reprimand, adopting the findings and conclusions contained in the report and ordering the reprimand of Delegate Jay Jalisi.



Part D

Local Government

Local Government – Generally

Land Use

Local jurisdictions, including counties and municipalities, must enact, adopt, amend, and execute a comprehensive plan, and the plan must include visions and elements specified in statute. At least once every 10 years, each planning commission must review the comprehensive plan and, if necessary, revise or amend the plan to include all of the required elements and visions.

Senate Bill 917/House Bill 1045 (both passed) require a comprehensive plan adopted by a local jurisdiction to include a “housing element.” A housing element (1) must address the need for affordable housing within the local jurisdiction, including workforce housing and low-income housing, and (2) may include goals, objectives, policies, plans, and standards.

Municipalities

Unless State law classifies a violation as a criminal offense, the legislative body of a municipality may provide, by local law, that a violation of a municipal ordinance is a municipal infraction. A municipal infraction is a civil offense; may be prosecuted by the State’s Attorney for a county; and may result in the imposition of certain fines, costs, and an order to abate the infraction. State law also authorizes a municipality to designate an attorney to prosecute a municipal infraction in the same manner as the State’s Attorney for a county.

House Bill 515 (passed) authorizes a municipality to designate a qualified building inspector or enforcement officer to testify in a municipal infraction proceeding without the assistance of a prosecuting attorney. The bill does not limit or restrict the ability of a prosecuting attorney to call individuals to testify in a municipal infraction proceeding. A “qualified building inspector or enforcement officer” is a building inspector or an enforcement officer that is nationally accredited and certified by the International Code Council or the National Fire Protection Association as (1) a building inspector; (2) a fire inspector; (3) an accessibility inspector; or (4) a property maintenance and housing inspector.

Special Taxing Districts

Special taxing districts are defined geographic areas within which a special tax is imposed on property owners to fund infrastructure improvements or services. Most special taxing districts are created by local governments, but a small number of State-created special taxing districts also exist. A county or municipality must have enabling authority from the General Assembly to create a special taxing district.

Senate Bill 259/House Bill 997 (both passed) authorize Cecil County to establish special taxing districts for the purpose of providing Internet service in unincorporated areas of the county. A proposed special taxing district may be established if the proposal is petitioned by the property owners in the area. For the purpose of providing Internet service, the county may impose *ad valorem* or special taxes and issue bonds.

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 460,000 customer accounts, serves an area of around 1,000 square miles, and currently employs more than 1,700 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 more than 5,500 miles of sewer main lines.

Indirect Customer Assistance Program – Establishment

Chapter 474 of 2015 established the WSSC Customer Assistance Program to provide financial assistance with water and sewer bills to eligible ratepayers who hold accounts with WSSC and are primarily responsible for payment of accrued water and sewer charges. *House Bill 325 (passed)* authorizes WSSC to establish an Indirect Customer Assistance Program to provide financial assistance with water and sewer bills to eligible indirect customers who receive water or sewer service or both from WSSC but are not billed by WSSC. The commission must establish income eligibility standards for indirect customers, and these standards must be applied uniformly throughout the sanitary district. The program must be funded from commission revenues. The bill takes effect July 1, 2019.

Prohibited Discrimination – Contracts

WSSC is prohibited from discriminating against a person on the basis of sex, race, creed, color, age, mental or physical disability, sexual orientation, religion, marital status, gender identity,

or national origin. In addition, WSSC may not award a water and sewer procurement contract unless the contract prohibits the contractor from discriminating in any manner against an employee or an applicant for employment on the basis of sex, race, creed, color, age, mental or physical disability, sexual orientation, religion, marital status, gender identity, or national origin. **House Bill 324 (passed)** extends the nondiscrimination policy, currently applicable only to water and sewer procurement contracts, to all WSSC contracts. The bill also establishes provisions governing the omission of the nondiscrimination clause in a contract or subcontract, the compulsion of a contractor to continue to perform under specified reasons, and the failure of a subcontractor to comply with the requirements of a nondiscrimination clause.

Collective Bargaining – Technical Unit

Currently, there are four collective bargaining units at WSSC: (1) an office/technical unit; (2) a professional unit; (3) a service, labor, and trade unit; and (4) a law enforcement unit. **House Bill 1280 (passed)** expands the number of collective bargaining units to five by establishing two separate collective bargaining units (office *and* technical) from the current joint “office/technical” unit. The new technical bargaining unit includes technical classification titles in which employees have a combination of basic scientific or technical knowledge and manual skill that is usually acquired through specialized postsecondary school education or through equivalent on-the-job training. The bill may not be construed to prohibit the certification of an exclusive representative for a new bargaining unit.

Task Force on the Use of Master Meters for Utility Services in Prince George’s County – Extension

Chapter 128 of 2018 created the Task Force on the Use of Master Meters for Utility Services in Prince George’s County. **House Bill 221 (passed)** extends the termination date of the task force, and its associated reporting deadline, by one year. Under the bill, the task force must report its findings and recommendations to the Governor and the members of the Prince George’s County Delegation by December 31, 2019. **Office of the Inspector General – Statutory Corrections**

Chapter 130 of 2018 established the Office of the Inspector General for WSSC. The Inspector General may investigate mismanagement, misconduct, fraud, waste, and abuse in the commission and conduct an annual audit. **House Bill 326 (passed)** corrects specified obsolete references in various provisions pertaining to the former office of the “Internal Auditor.” The bill also corrects other obsolete references to commission officers in specified provisions involving 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.

Procurement Regulations – Source Selection

House Bill 1279 (passed) authorizes M-NCPPC to establish a minority business enterprise program, under specified conditions, and a local small business enterprise preference program. The commission may only establish a minority business enterprise program if the commission determines that there is a compelling interest to implement remedial measures to assist minority- and women-owned businesses who wish to participate in commission procurement contracts. Accordingly, the commission, in consultation with the Maryland Department of Transportation and the Office of the Attorney General, is required to complete a study to evaluate whether such a compelling interest exists. The commission must report its findings and recommendations to the Montgomery County and Prince George's County delegations and the Legislative Policy Committee by January 1, 2020. For a further discussion of *House Bill 1279*, see the subpart "Procurement" within Part C – State Government of this *90 Day Report*.

Glenn Dale Hospital Property – Adaptive Reuse

Currently, M-NCPPC may sell, lease, or otherwise transfer the approximately 60 acres of the Glenn Dale Hospital property that have been developed as a hospital campus to a person who will use the property as a continuing care retirement community. If M-NCPPC is unable to find a qualified person who will use the property as a continuing care retirement community, M-NCPPC is required to retain possession of the property until the General Assembly approves an alternate use. *House Bill 662 (passed)* authorizes M-NCPPC to sell, lease, or otherwise transfer the approximately 60 acres that have been developed as a hospital campus to a person who will adaptively reuse, at a minimum, the main hospital campus buildings on the property by returning the property to a state of utility through repair and alteration that (1) gives the property an efficient and contemporary use and (2) preserves portions and features of the property that are historically, architecturally, and culturally significant.

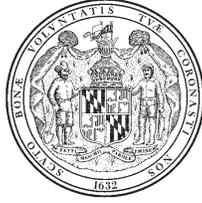
Prince George's County Recreation Programs – Youth Sports Program and Division

House Bill 678 (passed) requires the Prince George's County Planning Board to offer a comprehensive youth sports program that provides a variety of sports programming, leagues, and teams throughout Prince George's County, as part of the county's recreation programs. The planning board must also create a youth sports division to (1) coordinate youth sports programming, leagues, and teams and (2) incorporate youth sports activities into the programs.

Collective Bargaining – Exclusive Representative Duty of Fair Representation

Currently, the exclusive representative of a collective bargaining unit at M-NCPPC represents all employees regardless of if they pay membership dues or fees. *House Bill 362 (passed)* authorizes the exclusive employee bargaining representative for M-NCPPC to require a nonmember employee to pay specified costs and fees associated with filing a grievance or arbitrating a matter that arises under a collective bargaining agreement brought by the

representative on behalf of the nonmember employee. The bill also establishes provisions governing the failure to pay costs and fees, the dispute of such costs and fees, and an exclusive representative's duty of fair representation owed to a public employee who is in the bargaining unit.



Part E

Crimes, Corrections, and Public Safety

Criminal Law

Crimes Involving Substance Use

Decriminalization of Alcoholic Beverages Offenses and Task Force to Study Crime Classification and Penalties

State law prohibits a person from consuming an alcoholic beverage in public or possessing an alcoholic beverage in an open container in specified locations. *House Bill 88 (passed)* establishes that it is a code violation and a civil offense, rather than a criminal misdemeanor offense, to (1) consume an alcoholic beverage in public or (2) possess an alcoholic beverage in an open container. Violators are required to be issued citations and subject to a maximum fine of \$100, the same monetary penalties for these offenses under existing law. In addition, the bill and *House Bill 542 (passed)* establish the Task Force to Study Crime Classification and Penalties. The task force is required to review criminal and civil violations throughout the Maryland Code and make recommendations regarding the current statutory scheme for criminal and civil violations to the Governor and General Assembly by December 31, 2020.

Legalization of Marijuana/Cannabis

Currently, 10 states and the District of Columbia allow for recreational use of cannabis by an adult, and 33 states, including Maryland, allow for medical use of cannabis. *Senate Bill 771/House Bill 656 (both failed)* would have legalized marijuana (which would have been renamed cannabis by the bills) for individuals age 21 and older. The bills would have established a regulatory and taxation framework for cannabis establishments and established a process for expungement and resentencing for marijuana-related offenses. *House Bill 632 (failed)* proposed an amendment to the State constitution, which, if approved by the voters at the next general election, would have established the right under State law for individuals age 21 and older to (1) use cannabis; (2) possess up to one ounce of cannabis and up to five grams of cannabis in concentrated form at any one time; (3) cultivate up to six cannabis plants and up to three mature and flowering plants at any one time; (4) possess all cannabis personally cultivated; and (5) share,

without receiving anything of value, up to five grams of cannabis with another individual who was at least age 21. The presiding officers of the General Assembly have established a legislative workgroup to review issues related to marijuana legalization during the 2019 interim.

Crimes Involving Children

Sale of a Minor

House Bill 481 (passed) reclassifies the prohibition against selling, bartering, or trading a minor for money, property, or anything else of value from a misdemeanor to a felony. Violators are subject to existing penalties of imprisonment for up to five years and/or a \$10,000 maximum fine.

Continuing Course of Conduct

A person may not engage in a continuing course of conduct which includes three or more acts that constitute specified sexual offenses, over a period of 90 days or more, with a victim who is younger than age 14 at any time during the course of conduct. In *State v. Bey*, 452 Md. 255 (2017), the Maryland Court of Appeals held that the prohibition was ambiguous as to whether separate convictions and sentences could be obtained for multiple uninterrupted 90-day intervals of a continuing course of conduct. *Senate Bill 129/House Bill 712 (both passed)* establish that for purposes of prosecution for a continuing course of unlawful sexual conduct under the Criminal Law Article, violations that occur in separate periods of 90 days or more must be considered separate violations.

Possession of Child Pornography

A person may not knowingly possess and intentionally retain a film, videotape, photograph, or other visual representation showing an actual child younger than age 16 (1) engaged as a subject of sadomasochistic abuse; (2) engaged in sexual conduct; or (3) in a state of sexual excitement. *Senate Bill 736/House Bill 1027 (both passed)* expand the prohibition by prohibiting the knowing possession and intentional retention of a computer-generated image that is indistinguishable from an actual and identifiable child younger than age 16. The bills also alter the definition of “sexual conduct” to include the “lascivious exhibition of the genitals or pubic area of any person.”

Electronic Harassment and Bullying

Senate Bill 103/House Bill 181 (both passed) make several changes to the prohibitions against electronic harassment and bullying, including establishing that a person may not violate the prohibitions with the intent to induce a minor to commit suicide. A person who violates the prohibitions with the intent to induce a minor to commit suicide is guilty of a misdemeanor, punishable by imprisonment for up to 10 years and/or a \$10,000 maximum fine. All other violations are misdemeanors, punishable by imprisonment for up to three years and/or a \$10,000 maximum fine.

Failure to Report Child Abuse and Neglect

Health care practitioners, police officers, educators, and human service workers (“mandatory reporters”) who are acting in a professional capacity, and who have reason to believe that a child has been subjected to abuse or neglect, must notify the local department of social services or the appropriate law enforcement agency. *Senate Bill 568/House Bill 787 (both passed)* make it a misdemeanor for a mandatory reporter to knowingly fail to provide a required notice or make a required report of suspected child abuse or neglect if the mandatory reporter has actual knowledge of the abuse or neglect. A violator is guilty of a misdemeanor and subject to a maximum penalty of up to three years imprisonment and/or a \$10,000 fine. For a further discussion of these bills, see the subpart “Family Law” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Crimes Involving Animals

Payment of Costs

If an owner or custodian of an animal is convicted of an act of animal cruelty, the court may order the removal of the animal or any other animal at the time of conviction for the protection of the animal. Additionally, an officer or authorized agent of a humane society, or a police officer or other public official required to protect animals, may seize an animal if necessary to protect the animal from cruelty. *Senate Bill 152/House Bill 135 (both passed)* authorize a court, as a condition of sentencing, to order a defendant convicted of animal abuse or neglect or specified felony offenses involving aggravated cruelty to animals to pay all reasonable costs incurred in removing, housing, treating, or euthanizing an animal confiscated from the defendant. The payment is in addition to any other fines and costs imposed by the court.

Sexual Contact with an Animal

House Bill 641 (passed) expands the prohibition against aggravated cruelty to animals to include engaging in sexual contact with an animal, as specified. Under the bill, a person who engages in sexual contact with an animal is guilty of the felony of aggravated cruelty to animals and is subject to maximum penalties of three years imprisonment and/or a \$5,000 fine.

Violent Crimes

Threat of Mass Violence

Senate Bill 139/House Bill 420 (both passed) alter the existing statutory prohibition on knowingly threatening to commit or threatening to cause to be committed a crime of violence, as defined in § 14-101 of the Criminal Law Article, by prohibiting a person from making such a threat that would place five or more people at substantial risk of death or serious physical injury if the threat were carried out. A violator is guilty of a misdemeanor, punishable by the existing statutory penalties of imprisonment for up to 10 years and/or a fine of up to \$10,000.

Crime of Violence against a Pregnant Person

Senate Bill 561 (passed) prohibits a person from committing a crime of violence, as defined in § 14-101 of the Criminal Law Article, against another person when the person knows or believes that the other person is pregnant. A person who violates the prohibition is guilty of a felony and, in addition to any other penalty imposed for the underlying crime of violence, is subject to a maximum penalty of 10 years imprisonment.

Solicitation and Conspiracy to Commit Murder

Solicitation and conspiracy to commit a crime are referred to as “inchoate” crimes. Inchoate crimes reflect steps taken toward the commission of another crime (the substantive crime) that are serious enough that they are considered criminal behavior worthy of punishment. Like most inchoate crimes, solicitation and conspiracy to commit murder are not codified in the Maryland Code. *Senate Bill 198/House Bill 493 (both passed)* clarify that a person who solicits another or conspires with another to commit murder in the first degree is guilty of murder in the first degree if the death of another person occurs as a result of the solicitation or conspiracy. A person who commits a murder in the first degree is guilty of a felony and on conviction must be sentenced to imprisonment for life, with or without the possibility of parole.

Human Trafficking – Reorganization of Subtitle

The subject of human trafficking has gained increasing national and international attention in recent years. In general, human trafficking is understood to involve the use of force, fraud, or coercion to obtain some type of labor or commercial sex act. According to the U.S. Department of Homeland Security, each year, millions of men, women, and children are trafficked in countries around the world, including the United States. The General Assembly passed several bills relating to human trafficking during the 2019 legislative session. Under State law, human trafficking generally involves conduct relating to the sexual victimization or forced marriage of another. *Senate Bill 690/House Bill 871 (both passed)* recodify prohibitions relating to prostitution and human trafficking, and distinguish and rename conduct referred to in existing law as “human trafficking” to instead be “sex trafficking” and “forced marriage.” The bills group the offenses of sex trafficking and forced marriage under a new subtitle designation, “Human Trafficking.” The prohibition on sex trafficking is expanded by making it a felony to violate the prohibition with the use of, or intent to use, force, fraud, or coercion. Additionally, the bills provide that it is not a defense to the crime of abduction of a child younger than age 16 that the defendant did not know the age of the victim. The bills also add felony offenses under the new Human Trafficking subtitle to the definition of a “crime of violence” under the Criminal Law Article and the Public Safety Article. *Senate Bill 689/House Bill 734 (both passed)* establish the offense of labor trafficking, a felony punishable by imprisonment for up to 25 years and/or a \$15,000 maximum fine.

Miscellaneous

Violation of Condition of Release – Stalking

Senate Bill 138 (passed) adds the crime of stalking to the list of charges in connection with which it is a crime to violate a condition of pretrial or posttrial release that prohibits contact, harassment, or abuse of the alleged victim or going in or near the alleged victim's residence or place of employment. A violator is guilty of a misdemeanor and on conviction is subject to imprisonment for up to 90 days.

Decriminalization of Attempted Suicide

While Maryland's criminal statutes do not prohibit attempted suicide, attempted suicide has remained a crime in Maryland because the State recognizes common law crimes. *House Bill 77 (passed)* decriminalizes attempted suicide and abrogates and repeals the common law offense of attempted suicide. However, the bill provides that it may not be construed to prohibit a person who commits one or more crimes in the course of attempting to commit suicide from being charged with the other crime or crimes.

Hate Crimes – Threats

Senate Bill 232/House Bill 240 (both passed) prohibit a person from threatening to commit a violation of specified hate crimes relating to damaging property of a religious entity, obstructing the free exercise of religious beliefs, harassment or destruction of property, or damage to an associated building.

Decriminalization of Gambling Offenses

Section 12-102 of the Criminal Law Article prohibits a person from engaging in specified conduct relating to betting, wagering, or gambling or running an illegal gambling operation. Section 12-103 of the Criminal Law Article prohibits a person from playing specified games for money or any other thing or consideration of value. *Senate Bill 842/House Bill 113 (both passed)* decriminalize and alter penalties for various betting and gambling-related offenses prohibited under § 12-102 and § 12-103.

Criminal Procedure

Pretrial Release

Charge by Citation

If a defendant meets specified statutory criteria, State law requires a police officer to charge by citation (1) any misdemeanor or local ordinance violation that does not carry a term of imprisonment; or (2) any misdemeanor or local ordinance violation for which the maximum penalty is 90 days imprisonment or less, with specified exceptions. *Senate Bill 130/House Bill 121*

(both passed) amend § 4-101(c) of the Criminal Procedure Article to reflect recent changes to statute by designating a violation of a condition of pretrial or posttrial release under § 5-213.1 of the Criminal Procedure Article as a crime for which a police officer may not charge by citation.

Pretrial Release Programs

Senate Bill 217/House Bill 407 (both passed) repeal the authorization for the Garrett County Board of County Commissioners and Sheriff to establish and administer a home detention program and provide for other alternative sentencing options. Instead, the bills (1) authorize the Garrett County Sheriff to establish and administer programs for pretrial release and work release and (2) require the sheriff to establish and administer a home detention program. For a further discussion of Pretrial Release Programs, see the subpart “Public Safety” within this part of this *90 Day Report*.

Sex Offenders

A District Court commissioner is prohibited from authorizing the pretrial release of specified individuals, including a defendant who is registered as a sex offender in Maryland. *Senate Bill 228 (passed)* prohibits a District Court commissioner from authorizing the pretrial release of a defendant who (1) is registered as a sex offender in Maryland or (2) the commissioner knows is required to register as a sex offender in Maryland. Pursuant to existing statute, a judge may authorize the pretrial release of such a defendant on suitable bail, any other condition that will reasonably ensure that the defendant will not flee or pose a danger to another person or the community, or a combination of bail and these conditions. There is a rebuttable presumption that the defendant will flee and pose a danger to another person or the community. A judge must order the continued detention of the defendant if the judge determines that suitable bail and/or conditions will not reasonably ensure that the defendant will not flee or will not pose a danger to another person or the community.

Violation of Conditions of Release

Senate Bill 138 (passed) adds the crime of stalking under § 3-802 of the Criminal Law Article to the list of charges for which a person is statutorily prohibited from violating a condition of pretrial or posttrial release that prohibits contact, harassment, or abuse of the alleged victim or going in or near the alleged victim’s residence or place of employment. Pursuant to existing statute, 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.

Evidence

Sexual Assault Evidence Collection Kits

Senate Bill 767/House Bill 1096 (both passed) require a sexual assault evidence collection kit to be submitted to a forensic laboratory for testing unless specified requirements are met. The bills (1) require a law enforcement agency to submit a sexual assault evidence collection kit and

all requested associated reference standards to a forensic laboratory within 30 days of receipt; (2) require a forensic laboratory to process a sexual assault evidence collection kit and all requested associated reference standards in a timely manner; and (3) establish that the failure to complete the screening, testing, and analysis of a sexual assault evidence collection kit and all requested associated reference standards in a timely manner does not constitute the basis for excluding the analysis or results as evidence in a criminal proceeding. The bills also require (1) the Attorney General to adopt implementing regulations by December 1, 2019, and (2) the Maryland Sexual Assault Evidence Kit Policy and Funding Committee to establish an independent process to review and make recommendations relating to when a law enforcement agency may decide not to test a sexual assault evidence collection kit.

Interception of Oral Communication

Under Maryland’s Wiretap Act, it is unlawful to willfully intercept any wire, oral, or electronic communication. Under the Act, “intercept” is defined, in part, as “the . . . acquisition of the contents of any . . . oral communication through the use of any . . . device.” Therefore, the Wiretap Act does not regulate a video recording that does not contain an audio component. The statute does authorize the interception of an oral communication if all participants have given prior consent (sometimes called “two-party consent”). Maryland is 1 of 12 two-party consent states, most of which spell out clearly that the consent is required only in circumstances where there is a “reasonable expectation of privacy.”

The Act does provide specified exceptions, including one for a law enforcement officer who intercepts an oral communication in the regular course of the officer’s duty, so long as the officer (1) initially, lawfully detained a vehicle during a criminal investigation or for a traffic violation; (2) is a party to the oral communication; (3) has been identified as a law enforcement officer to the other parties to the communication prior to any interception; (4) informs all other parties to the communication of the interception at the beginning of the communication; and (5) makes the interception as part of a videotape recording. In addition, the interception of an oral communication by a law enforcement officer in the course of the officer’s regular duties with a body-worn digital recording device or an electronic control device is lawful if (1) the officer is in uniform or prominently displaying the officer’s badge or other insignia; (2) the officer is making reasonable efforts to conform to standards for the use of a body-worn digital recording device or an electronic control device capable of recording video and oral communications; (3) the officer is a party to the oral communication; (4) the officer notifies, as soon as practicable, the individual that the individual is being recorded, unless it is unsafe, impractical, or impossible to do so; and (5) the oral interception is being made as part of a videotape or digital recording.

House Bill 552 (*passed*) establishes that the failure of a law enforcement officer to provide notice, as specified, to an individual who is being recorded in accordance with requirements for lawful interception of an oral communication with a body-worn digital recording device does not affect the admissibility in court of the recording if the failure to notify involved an individual who joined the discussion in progress for which proper notification was previously given.

Postconviction Procedures

Motion to Vacate

A person convicted of a crime has a number of alternatives for seeking review of a conviction. The options include (1) an appeal; (2) review at the trial court level (motion for new trial and a petition for writ of actual innocence); (3) a petition under the Uniform Postconviction Procedure Act; and (4) *coram nobis*. In general, a defendant is not limited to any particular option for judicial review and may pursue multiple avenues for review in connection with a single conviction. However, the pursuit of these options must be initiated by the defendant, not the State. **House Bill 874 (passed)** authorizes a court with jurisdiction over the case, on motion of the State, to vacate a probation before judgment or conviction when (1) there is newly discovered evidence that could not have been discovered by due diligence in time to move for a new trial and creates a substantial or significant probability that the result would have been different or (2) the State's Attorney received new information after the entry of a probation before judgment or judgment of conviction that calls into question the integrity of the probation before judgment or conviction. The interest of justice and fairness must also justify vacating the probation before judgment or conviction.

Sentencing

As a condition of sentencing, a court may order a defendant convicted of animal abuse or neglect to participate in and pay for psychological counseling. As a condition of sentencing for a defendant convicted of felony aggravated cruelty to animals (general), felony aggravated cruelty to animals (dogfighting), or felony aggravated cruelty to animals (cockfighting), a court may (1) order the defendant to participate in and pay for psychological counseling and (2) prohibit a defendant from owning, possessing, or residing with an animal for a specified period of time. **Senate Bill 152/House Bill 135 (both passed)** authorize a court to order a defendant convicted of specified animal cruelty offenses to pay all reasonable costs incurred in removing, housing, treating, or euthanizing an animal confiscated from the defendant. The order is a condition of sentencing and the payment is in addition to any other fines and costs imposed by the court. The applicable offenses are (1) animal abuse or neglect; (2) felony aggravated cruelty to animals (general); (3) felony aggravated cruelty to animals (dogfighting); and (4) felony aggravated cruelty to animals (cockfighting).

Diminution Credits

Chapter 515 of 2016, also known as the Justice Reinvestment Act, altered many provisions relating to sentencing, corrections, parole, and the supervision of offenders. Regarding diminution credits, Chapter 515 increased the maximum possible deduction for diminution credits from 20 to 30 days per calendar month, except for inmates serving a sentence in a State correctional facility for a crime of violence, specified sexual offenses, or specified volume or kingpin drug offenses. Also, except for that same group of inmates, the deduction for special selected work projects or other special programs, including recidivism reduction programming, increased from 10 to 20 days per calendar month. Furthermore, Chapter 515 expanded the types of programs for

which an inmate may earn diminution credits. In addition, the maximum deduction for diminution credits increased for an individual who is serving a sentence in a local correctional facility (for a crime other than a crime of violence or specified volume drug offenses) from 5 to 10 days per month. The provisions were required to be construed prospectively to apply only to inmates that are sentenced on or after October 1, 2017.

Senate Bill 327/House Bill 274 (both passed) clarify that changes to the application of diminution credits as a result of Chapter 515 must be construed prospectively to apply only to inmates who are sentenced or committed to custody on a finding of violation of probation on or after October 1, 2017. The bills may not be construed to result in a recalculated release date for an inmate that is prior to October 1, 2019, or create a cause of action for false imprisonment against the Department of Public Safety and Correctional Services or a local correctional facility.

Expungement

Senate Bill 394/House Bill 259 (both passed) expand eligibility for expungement by authorizing a person to file a petition for expungement of a police record, court records, or other record maintained by the State or a political subdivision of the State if the person is convicted of any prohibited act related to speed limits for personal watercraft or any of the following provisions in the Natural Resources Article: § 8-725.3 (speed limits on the Severn River imposed on specified days from April 15, 1989, to October 15, 1989); § 8-725.4 (noise levels for vessels operated in tidal waters); § 8-725.5 (speed limit on Seneca Creek); § 8-725.6 (speed limit on certain areas of Monocacy River); § 8-726 (throwing or dumping refuse on waters of the State); § 8-726.1 (throwing specified types of waste on certain waters of the State); § 8-727.1 (use of flashing red and yellow lights or signal devices); or § 8-738.2 (operating a vessel in a reckless or dangerous manner).

Forfeiture

Senate Bill 643 (passed) increases, from 20% to 100%, the amount of controlled dangerous substances (CDS) forfeiture proceeds deposited in the general fund that the Governor must appropriate to the Maryland Department of Health (MDH) for the purpose of funding drug treatment and education programs. The bill also requires the Governor's Office of Crime Control and Prevention to include in its annual aggregate report on forfeitures the amount from CDS forfeitures deposited in the State's general fund that were appropriated to MDH for the purpose of funding drug treatment and education programs and how the funds were spent.

Victims of Crime

U Nonimmigrant Status

Individuals without legal status in the United States who are victims of criminal activity may file for U Nonimmigrant Status with the U.S. Citizenship and Immigration Services (USCIS), which is status set aside for victims of crimes who have suffered substantial mental or physical abuse due to the criminal activity and who are willing to assist law enforcement agencies or government officials in the investigation of that activity. In order to file for the status, the

individual must provide a certification from a federal, state, or local law enforcement official that certifies the information specified above. In determining whether to grant the status, USCIS will give the certification “significant weight” during adjudication. However, it alone is not sole evidence that a petitioner meets eligibility requirements, as USCIS will look at the totality of the circumstances surrounding the petition before rendering a decision. Certifying agencies are under no legal obligation to complete the certification; however, without one, the individual will be ineligible for U Nonimmigrant Status.

Senate Bill 144/House Bill 214 (both passed) establish provisions by which a victim or a victim’s parent, guardian, or next friend may request specified entities to certify victim helpfulness for purposes of obtaining U Nonimmigrant Status with USCIS. The victim must have been a victim of a qualifying criminal activity and demonstrated helpfulness, as specified, in the detection, investigation, or prosecution of the criminal activity. If the victim satisfies the criteria, the certifying official must fully complete and sign the relevant certification form. The bills also contain provisions pertaining to withdrawal of certification, disclosure of information regarding a victim who is seeking or has obtained U Nonimmigrant Status, and immunity from liability for certifying officials and entities.

Criminal Injuries Compensation Board

The Criminal Injuries Compensation Fund (CICF), within the Victim Services Unit of the Governor’s Office of Crime Control and Prevention, is a special fund that provides financial assistance for innocent victims of crime. The Criminal Injuries Compensation Board (CICB) may compensate victims who suffer physical or psychological injury for the victim’s medical expenses and loss of earnings but only if the injury is a direct result of a criminal or delinquent offense.

House Bill 968 (passed) increases the maximum amount of specified claims to CICB and authorizes CICB to negotiate a settlement with a person that has provided funeral or death-related services in relation to the death of a victim. The bill also (1) alters the timeframes in which a claimant must file a claim for compensation from CICB; (2) authorizes the electronic filing of a claim to CICB, in the manner provided under procedures established by CICB for compensation under CICF; and (3) expands application of specified CICB claim requirements and prohibitions to include funeral or death-related services. The provisions increasing the maximum amount of specified claims and authorization for CICB to negotiate a specified settlement are prospective and do not apply to any claim due to a crime committed before the bill’s January 1, 2020 effective date.

Senate Bill 61 (passed) authorizes the electronic filing of a claim to CICB, in the manner provided under procedures established by CICB, for compensation under CICF.

Occupational Licenses

It is the policy of the State to encourage the employment of nonviolent ex-offenders and remove barriers to their ability to demonstrate fitness for occupational licenses or certifications required by the State. Unless an applicant has been previously convicted of a crime of violence under §14-101 of the Criminal Law Article, specified departments and each unit in the 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, unless the department, after considering specified factors, determines 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. These provisions apply to the Maryland Department of Agriculture; the Maryland Department of the Environment; the Maryland Department of Health; the Department of Human Services; the Department of Labor, Licensing, and Regulation; the Department of Public Safety and Correctional Services; and each unit in those departments.

House Bill 22 (passed) alters this standard by prohibiting the aforementioned departments and each unit in those departments from denying an application for an occupational license or certificate based solely on the applicant's prior criminal conviction if (1) a period of at least seven years has passed since the applicant completed serving the sentence for the crime, including all imprisonment, mandatory supervision, probation, and parole and (2) the applicant has not been charged with another crime, other than a minor traffic violation, during that time. The bill's provisions do not apply to a conviction of a crime of violence under § 14-101 of the Criminal Law Article or a conviction of a crime for which registration on the sex offender registry is required.

Juvenile Law

Juvenile Justice Reform Council

With certain exceptions, the juvenile justice system handles persons younger than the age of 18 who commit illegal acts. Unlike the adult criminal system, the juvenile system is designed to protect public safety while restoring order to the lives of young offenders without a determination of guilt or the imposition of fixed sentences. The Department of Juvenile Services (DJS) administers the majority of the State's juvenile programs. The goals of DJS include keeping supervised and committed youth safe while holding youth accountable for their actions and delivering services to meet their needs.

Senate Bill 856/House Bill 606 (both passed) establish the Juvenile Justice Reform Council, which is to be staffed by the Department of Legislative Services. The council must convene an advisory stakeholder group and work with the group to conduct roundtable discussion forums seeking public input in all geographic regions of the State. The council must also (1) use a data-driven approach to develop a statewide framework of policies to invest in strategies to increase public safety and reduce recidivism of youth offenders; (2) research best practices for the treatment of juveniles who are subject to the criminal and juvenile justice systems; (3) identify and make recommendations to limit or otherwise mitigate risk factors that contribute to juvenile contact with the criminal and juvenile justice systems; and (4) request technical assistance from the Abell Foundation, the Annie E. Casey Foundation, the Council of State Governments, the Vera Institute of Justice, or another similar organization. By December 1, 2019, the council must submit an interim report on its findings and recommendations to the Governor and the General Assembly; a final report is due by December 1, 2020.

State Advisory Board for Juvenile Services

The State Advisory Board for Juvenile Services consists of representatives from various entities, including DJS, the Maryland State Department of Education, the Department of State Police, the Judiciary, and the General Assembly. It also includes seven members of the general public. Among other duties, the advisory board recommends policies and programs to improve juvenile services in the State, participates in planning the development and use of available resources to meet the needs of DJS, and consults with the Secretary of Juvenile Services on each aspect of the State's juvenile services program.

House Bill 169 (passed) expands the duties of the advisory board to include examining and reviewing fatalities involving children under the supervision of DJS for the purpose of advising the Secretary of Juvenile Services on policies and programs to prevent fatalities. Fatalities subject to review include (1) the death of a child under the supervision of DJS and (2) a death caused by a child under the supervision of DJS, if the child is convicted or adjudicated for the death. The bill also creates an exception to the general rule of confidentiality of juvenile records by authorizing the advisory board to access and use court records for this purpose.

Senate Bill 72 (passed) expands the membership of the advisory board by adding one representative each from the State's Attorneys' Association and the Office of the Public Defender. It also requires one of the general public members of the advisory board to be an individual who is a parent or guardian of a youth who has been under the jurisdiction of DJS and one of the general public members to be a victim advocate.

Prohibition on Continued Detention of Child

Detention, in the context of the juvenile justice system, is the temporary care of children who, pending court disposition, require secure custody for the protection of themselves or the community in physically restricting facilities. Detention can only be authorized by the court or a DJS intake officer. An intake officer who authorizes detention must immediately file a petition to authorize continued detention. Detention may not be continued beyond emergency detention or community detention unless the court finds that such action is required to protect the child or others or the child is likely to leave the jurisdiction of the court.

House Bill 659 (passed) prohibits continued detention, beyond emergency detention, of a child younger than age 12 unless (1) the child is alleged to have committed a "crime of violence" as defined in the Criminal Law Article or (2) the child is likely to leave the jurisdiction of the juvenile court.

Public Safety

Law Enforcement

Community Safety and Strengthening Act

Senate Bill 793 (passed) authorizes the Johns Hopkins University to establish a police department and adds an officer of that department to the definition of “law enforcement officer” for the purposes of the procedural protections and requirements of the Law Enforcement Officers’ Bill of Rights, with specified requirements to include voting members of the public on a hearing board.

The bill also establishes a Law Enforcement Cadet Apprenticeship Program (Cadet Program) in the Department of Labor, Licensing, and Regulation (DLLR) to award competitive grants to specified law enforcement agencies. The purposes of the Cadet Program are to:

- provide young individuals opportunities to begin a career in law enforcement;
- foster positive relationships between the public, particularly young individuals, and law enforcement agencies;
- develop a cohort of individuals qualified to join a law enforcement agency;
- encourage law enforcement agencies to hire apprentices; and
- help law enforcement agencies offset additional costs, if any, associated with hiring apprentices.

To be eligible for an award, the law enforcement agency must employ at least one apprentice who (1) has been employed by the agency for at least seven months; (2) is enrolled in the first year of a specified apprenticeship program; and (3) lives in a zip code in which at least 10% of the population is below the federal poverty level, as specified. The amount of a grant awarded under the Cadet Program is based on the number of apprentices within the law enforcement agency who meet all three of the eligibility criteria and is generally capped at \$2,000 for each such apprentice. However, for an eligible university law enforcement agency, a grant award is capped at \$1,000 for each such apprentice.

For further discussion of this bill, see the subpart “Housing and Community Development” within Part H – Business and Economic Issues, and the subpart “Higher Education” within Part L – Education of this *90 Day Report*.

Certification of Law Enforcement Officers

The Maryland Police Training and Standards Commission (MPTSC), an independent commission within the Department of Public Safety and Correctional Services, operates approved

police training schools and prescribes standards for and certifies schools that offer police and security training. *Senate Bill 853/House Bill 433 (both passed)* modify the eligibility requirements for a person to be certified as a law enforcement officer by MPTSC to require that an individual be (1) a U.S. citizen or (2) a permanent legal resident of the United States and an honorably discharged veteran of the U.S. Armed Forces, provided that the individual has applied to obtain U.S. citizenship and the application is still pending approval. MPTSC must terminate the commission of a police officer who fails to obtain U.S. citizenship as required.

Race-based Traffic Stops

Chapters 342 and 343 of 2001 required the State's law enforcement agencies to adopt a policy against race-based traffic stops as a management tool to promote nondiscriminatory law enforcement practices. MPTSC, in consultation with the Maryland Statistical Analysis Center (MSAC), is required to develop a model policy against race-based traffic stops that a law enforcement agency can use in developing its own policy. Generally, since 2002 (and phased in over a three-year period based on agency size), Maryland law enforcement agencies have been required to collect and report traffic stop data. Initially, data collection and related reporting was required for a five-year period, but the requirement has been extended (or reestablished) multiple times, most recently with a termination date of May 31, 2020. *Senate Bill 417/House Bill 301 (both passed)* repeal the termination date for the data collection. In addition, *Senate Bill 417* repeals a requirement that MSAC report the data annually to the Governor and the General Assembly and instead requires MSAC to post data from the previous calendar year on its website in a location that is easily accessible and in a manner that is filterable by location and other factors. The bill also requires the Governor's Office on Crime Control and Prevention (GOCCP) to provide written notice to the General Assembly when MSAC updates the information.

Hate Crimes Reporting

In 1975, Maryland instituted a program to require all local law enforcement agencies to submit standardized crime reports based on the federal reporting system to ensure consistency. The Department of State Police (DSP) must also collect and analyze information about incidents apparently directed against an individual or group because of race, religion, ethnicity, or sexual orientation. Each local law enforcement agency and the State Fire Marshal must provide DSP with information relating to such hate crimes. *House Bill 168 (passed)* alters and expands the categories of incidents for which each local law enforcement agency and the State Fire Marshal must report to DSP and for which DSP must collect, analyze, and report to the Maryland Commission on Civil Rights. The altered/expanded categories include incidents apparently directed against an individual or group because of color, religious beliefs, gender, disability, national origin, and homelessness.

Equipment

State and local law enforcement agencies can obtain surplus federal property at little or no cost for law enforcement purposes, especially counter-drug and counter-terrorism activities, through the federal 1033 Program, the 1122 Program, and the Surplus Property Donation Program. Examples of surplus property include vehicles (land, air, and sea), weapons, computer equipment, fingerprint equipment, night-vision equipment, radios and televisions, first-aid equipment, tents

and sleeping bags, and photographic equipment, among other items. *Senate Bill 210/House Bill 138 (both passed)* require DSP, by February 1 each year, to report to the Governor and the General Assembly on the acquisition of equipment by law enforcement agencies through surplus programs within the preceding calendar year. DSP must include in a prominent location on its public website a link to the Defense Logistics Agency’s report listing excess Department of Defense property transfers to law enforcement agencies through the Law Enforcement Support Office. The bills terminate September 30, 2022.

Department of Labor, Licensing, and Regulation/Maryland Capitol Police

Chapter 268 of 2000 added members of the DLLR Police Force to the definition of police officer under provisions relating to MPTSC. However, the jurisdiction for the DLLR Police Force is not in statute. *House Bill 370 (passed)* transfers the functions, powers, and duties of the DLLR Police Force to the Maryland Capitol Police (MCP) of the Department of General Services. All employees who are transferred to MCP as a result of the bill must be transferred on July 1, 2019, without any diminution of their rights, including collective bargaining rights, benefits, and employment or retirement status. In addition, the bill repeals statutory references to the DLLR Police Force and alters the authority of MCP.

Youth Crime Prevention and Diversion

House Bill 1348 (passed) establishes the Markell Hendricks Youth Crime Prevention and Diversion Parole Fund to provide grants to local law enforcement agencies to administer a diversion program for juveniles, as specified, or a youth engagement program or event in a high-crime area. The Executive Director of GOCCP must administer the fund, establish application procedures, and make grants from the fund to local law enforcement agencies. The Governor must annually appropriate at least \$50,000 for the fund.

Baltimore City

Police Districts: Senate Bill 39/House Bill 528 (both passed) require the Police Commissioner of Baltimore City, following each decennial census of the United States, to prepare a plan for (1) the adjustment of the geographic boundaries and composition of each Baltimore City police district and (2) the reallocation of the resources and personnel of the Baltimore Police Department (BPD) among the districts, as specified. The commissioner must present the plan to the Mayor and City Council of Baltimore City within one year from the issuance of the decennial census population and housing data by the U.S. Census Bureau. The Mayor and City Council must approve the plan by resolution within 180 days from presentation or the plan becomes effective on the one hundred eighty-first day. A plan approved by the Mayor and City Council becomes effective immediately. The commissioner must implement any plan in effect, as specified.

Funding Accountability: Senate Bill 81 (passed) requires BPD to prepare specified reports, in fiscal 2019 and 2020, regarding the expenditure of grants received from GOCCP. By December 31 each year, BPD must submit the required report to the Baltimore City Delegation to the General Assembly. The report must include the intended use of each grant from GOCCP to BPD and the specific expenditures made by BPD with any monetary grants received from GOCCP.

The stated purpose of the bill is to ensure that grants from GOCCP to BPD for community policing efforts are used for that purpose.

Commission to Restore Trust in Policing: Chapter 753 of 2018 established the Commission to Restore Trust in Policing to review, investigate, and make recommendations relating to BPD. ***Senate Bill 847/House Bill 625 (both passed)*** extend the termination date of the commission from January 15, 2020, to January 15, 2021, and extend the due date by which the commission must submit its final report to the Governor and the General Assembly from December 31, 2019, to December 31, 2020. The bills also (1) expressly subject the proceedings, testimony, and other evidence before the commission to the Public Information Act and the Open Meetings Act; (2) repeal a provision requiring a vote before the commission may deem specified information confidential and privileged; and (3) prohibit commission members and staff from being required to sign a confidentiality agreement to receive documents or files, including personnel files, properly subpoenaed. In addition, the bills request and encourage the Governor to appropriate sufficient funds for fiscal 2020 and 2021 to enable the commission to complete its work in a timely and comprehensive manner.

Juvenile Violence Prevention: ***House Bill 1346 (passed)*** establishes a Student Peer Mediation Program Fund to provide grants to schools and community-based organizations in Baltimore City to establish student peer mediation programs to reduce juvenile violence. The Executive Director of GOCCP must administer the fund, establish application procedures, and make grants from the fund to schools and community-based organizations in Baltimore City. The Governor must annually appropriate at least \$50,000 for the fund.

Sexual Assault Evidence Collection Kits

Chapter 37 of 2015 required an inventory of all untested sexual assault evidence kits and a report to the General Assembly on the number of untested kits, the date each kit was collected, and recommendations for addressing any backlog of untested kits. In response, Chapter 659 of 2017 established the Maryland Sexual Assault Evidence Kit Policy and Funding Committee to, among other things, develop recommendations regarding payment for sexual assault evidence collection kits. Chapter 429 of 2018 required the committee to develop recommendations for and apply for grant funding to support a statewide sexual assault evidence collection kit tracking system. In January 2019, the committee released its annual report, which noted there were more than 6,000 “unsubmitted” (untested) sexual assault evidence collection kits in the State. The report indicates that it costs DSP \$4,000 to test a sexual assault evidence collection kit in-house or \$3,000 to outsource testing to another forensic laboratory.

Senate Bill 569/House Bill 1268 (both passed) establish a Rape Kit Testing Grant Fund to provide law enforcement agencies with funding for testing of sexual assault evidence collection kits by forensic laboratories. The Executive Director of GOCCP must administer the fund, establish and publish procedures to distribute funding, and report each year to the General Assembly regarding the distribution of funds.

Senate Bill 767/House Bill 1096 (both passed) require the Maryland Sexual Assault Evidence Kit Policy and Funding Committee to establish an independent process to review and make recommendations relating to when a law enforcement agency may decide not to test a sexual assault evidence collection kit. For further discussion of these bills, see the subpart “Criminal Procedure” within this part of this *90 Day Report*.

Correctional Services

Pretrial Release Programs

Senate Bill 217/House Bill 407 (both passed) repeal the authorization for the Garrett County Board of County Commissioners and Sheriff to establish and administer a home detention program and provide for other alternative sentencing options and instead (1) authorize the Garrett County Sheriff to establish and administer programs for pretrial release and work release and (2) require the sheriff to establish and administer a home detention program. *House Bill 1406 (passed)* authorizes the Howard County Department of Correction to establish and administer community service and pretrial services programs in the same manner as it is authorized to establish and administer a work release program.

Treatment Services

House Bill 116 (passed) establishes specified programs of “opioid use disorder” screening, evaluation, and treatment in local correctional facilities and in the Baltimore Pre-trial Complex. The program begins in four counties and phases in to include all counties and the Baltimore Pre-trial Complex by January 2023. The State must fund the programs of opioid use disorder screening, examination, and treatment of inmates, and the bill establishes requirements for screening and treatment. By November 1, 2020, and annually thereafter, GOCCP must report specified data to the General Assembly from local correctional facilities. A pilot program at the Baltimore Pre-trial Complex terminates September 30, 2023. For further discussion of the opioid crisis, see Part J – Health and Human Services of this *90 Day Report*.

Inmate Labor

Annually, the Commissioner of Correction and the Division of Correction (DOC) must submit a complete financial and operational report of Maryland Correctional Enterprises (MCE) and the MCE revolving fund to the Governor, the Secretary of Public Safety and Correctional Services, and the Secretary of Budget and Management. *Senate Bill 527/House Bill 78 (both passed)* expand the information that must be included in the Commissioner of Correction Annual Report and the DOC Financial and Operational Report to include information relating to inmate employment and wages, including the following additional information:

- the job classifications for inmate labor in each department and facility;
- the daily wage scale at each prison for each job classification; and

- the total number of inmates currently employed at facilities, disaggregated by facility.

Restrictive Housing

According to the latest available report on restrictive housing, in fiscal 2017, there were 18,460 placements on restrictive housing: 5,270 on administrative segregation and 13,190 on disciplinary segregation. For inmates younger than age 18, in fiscal 2017, there were 3 placements on restrictive housing with 1 placement on administrative segregation and 2 placements on disciplinary segregation.

Senate Bill 774/House Bill 1001 (both passed) expand the entities required to submit information relating to inmates in restrictive housing to GOCCP and repeal the requirement that the information also be submitted directly to the General Assembly. Instead of the Department of Public Safety and Correctional Services (DPSCS), each correctional unit must submit that information to GOCCP, and when GOCCP has received the information from every correctional unit, GOCCP must promptly submit the information in a report to the General Assembly. The bills additionally prohibit a correctional unit from placing a minor in restrictive housing, with specified exceptions. A minor placed in restrictive housing must be provided specified conditions and privileges and, if those conditions or privileges are not provided, the managing official or the managing official's designee must record the reason in the minor's file.

Senate Bill 809 (passed) prohibits, with specified exceptions, the involuntary placement of a pregnant inmate in restrictive housing and sets forth requirements for when a pregnant inmate is placed in restrictive housing. The bill requires each correctional facility to have a written policy in place regarding the medical care of pregnant inmates that addresses the use of involuntary medical isolation or restrictive housing for administrative, protective, or disciplinary purposes during pregnancy and eight weeks during the postpartum or post-pregnancy recovery period.

Prerelease Programming and Facilities

The Commissioner of Correction is statutorily authorized, but not required, to operate a prerelease unit for women. *Senate Bill 821 (passed)* requires the Commissioner of Correction to conduct a study on gender-based equity in prerelease programming and facilities in Maryland, as specified, and report on the results of the study to the Governor and the General Assembly by January 1, 2020.

Correctional Officers

Senate Bill 947 (passed) establishes the rights of a correctional officer relating to the employment, investigation, and discipline of correctional officers in Calvert County. The bill's provisions are the same as the provisions of the Correctional Officers' Bill of Rights applicable in Charles County.

Patuxent Institution

House Bill 179 (passed) clarifies that the Warden of Patuxent Institution within DPSCS is the appointing authority for correctional officers assigned to the institution and staff attached to the office of the warden.

Firearms

Handgun Permits

Generally, with certain exceptions, to be issued a handgun permit by the Secretary of State Police, an applicant (1) must be age 18 or older; (2) must not have been convicted of a felony or misdemeanor for which a sentence of imprisonment for more than one year has been imposed or, if convicted, must have been pardoned or been granted relief under federal law; (3) must not have been convicted of a controlled dangerous substance violation and must not presently be an addict, a habitual user of a controlled dangerous substance, or an alcoholic; (4) must not exhibit a propensity for violence or instability which may reasonably render possession of a handgun a danger to the applicant or another; (5) must have successfully completed, prior to application and each renewal, a specified firearms training course approved by the Secretary; (6) if younger than age 30, must not have been committed to a facility for juveniles for longer than one year or adjudicated delinquent for a crime of violence, a felony, or misdemeanor that carries a statutory penalty of more than two years; and (7) must have a good and substantial reason to wear, carry, or transport a handgun. “Good and substantial reason” includes a finding that the permit is necessary as a reasonable precaution against apprehended danger.

Handgun Permit Review Board: The Handgun Permit Review Board is a State government entity within DPSCS. The board consists of five members appointed by the Governor from the general public, with advice and consent of the Senate. The board is subject to the Open Meetings Act, and generally, any hearing and any subsequent proceedings of judicial review must be conducted in accordance with the Administrative Procedure Act.

A person whose application for a handgun permit or a renewal of a permit has been rejected by DSP, or whose permit has been revoked or limited by the Secretary of State Police, may request the board to review the decision of the Secretary by filing a written request with the board within 10 days after receipt of written notice of the Secretary’s action. 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.

Within 90 days after receiving a request to review the decision of the Secretary of State Police by a person who is denied a permit to wear, carry, or transport a handgun, or a renewal of such a permit, or whose permit is revoked or issued with restrictions by the Secretary, the board must (1) review the record developed by the Secretary and (2) conduct a hearing. Within 60 days after the last hearing in the matter, the board must submit, in writing, the reasons for the board’s decision to the applicant, the permit holder, and the Secretary.

Senate Bill 1000/House Bill 1343 (both passed) repeal the Handgun Permit Review Board. A person who is denied a permit to wear, carry, or transport a handgun, or a renewal of such a permit, or whose permit is revoked or issued with restrictions by the Secretary of State Police, may request to directly appeal the decision to the Office of Administrative Hearings (OAH) instead of requesting that the board review the decision and then appealing the board's decision to OAH. The bills (1) authorize an individual with a hearing request pending before the board on the effective date of the bill, after specified notice by DPSCS, to file an amended request for a hearing by OAH and (2) require OAH to schedule and conduct a *de novo* hearing on the matter, as specified. By January 1, 2020, 2021, and 2022, OAH must report to the Governor and the General Assembly on specified items relating to such hearings.

Handgun Permit Fee: A handgun permit application costs \$75; two years after the initial permit and every three years thereafter, a \$50 renewal fee is due. ***Senate Bill 113/House Bill 92 (both passed)*** alter the manner in which an applicant for a handgun permit is required to pay the associated permit fee. Instead of paying the permit fee by personal check, business check, certified check, or money order, an applicant must pay the permit fee by an electronic check, a credit card, or a method of online payment approved by the Secretary of State Police.

Loan of a Regulated Firearm

Senate Bill 346 (passed) expands and alters prohibitions against a firearms dealer or other person selling, renting, or transferring a regulated firearm to a purchaser, lessee, or transferee who the dealer or other person knows or has reasonable cause to believe is not able to possess a regulated firearm, to include a loan of a regulated firearm to a borrower. The bill also expands the prohibitions to include circumstances when the dealer or other person knows or has reasonable cause to believe that the purchaser, lessee, transferee, or recipient intends to use the regulated firearm to commit a crime or cause harm to him/herself or another person. In addition, the bill provides an exception to the prohibition for a dealer or other person to loan a regulated firearm to a person younger than age 21 when the recipient who is younger than age 21 may otherwise possess the regulated firearm under current law.

Under the bill, a borrower of a firearm is not required to complete a specified certified firearms safety training course.

Crime Firearms

Senate Bill 622 (passed) requires GOCCP to gather, study, and compile specified information regarding "crime firearms" in the State. "Crime firearm" is defined as a firearm that is (1) used in the commission of a crime of violence, as defined in § 5-101 of the Public Safety Article or (2) recovered by law enforcement in connection with illegal firearm possession, transportation, or transfer. DSP must provide GOCCP with any and all information necessary to complete the study. By December 1, 2020, GOCCP must report its findings to the Governor and the General Assembly. The bill terminates December 31, 2020.

State 9-1-1 System

Senate Bill 339/House Bill 397 (both passed) enhance and alter the regulatory framework that governs the State’s 9-1-1 system. Among other things, the bills expand the responsibilities of the Emergency Number Systems Board, increase the State 9-1-1 fee, authorize local governments to increase their 9-1-1 fee under specified circumstances, and apply both fees to each separate outbound call voice channel capacity instead of each account.

Under current law, local governments are authorized to provide a property tax credit for a dwelling owned by a 9-1-1 public safety telecommunicator. *Senate Bill 284/House Bill 1090 (both passed)* expand eligibility for the tax credit by establishing that (1) 9-1-1 specialists include employees of a county public safety answering point or employees working in a county safety answering point and (2) 9-1-1 specialist duties and responsibilities include receiving and processing 9-1-1 requests for emergency assistance and other support functions directly related to 9-1-1 requests for emergency assistance.

Building Safety

Photovoltaic Systems

House Bill 586 (passed) requires each company that installs solar photovoltaic (PV) systems to install a lockout tag at each residential installation at the time of installation. The bill also requires DLLR to report to the House Economic Matters Committee and the Senate Finance Committee by December 1, 2019, on (1) the advisability of requiring the provision of lockout tags to residential customers with solar PV systems installed on their property, the provision of notice about the safety benefits of lockout tags to residential customers with solar PV systems installed on their property, and any other more effective method of making customers aware of the safety benefits of lockout tags to residential customers with solar PV systems installed on their property; and (2) the most effective method of implementing any recommendation made.

Fire Safety – Nonpublic Schools

Senate Bill 465/House Bill 1186 (both passed) require each nonpublic school in the State to (1) hold fire drills in accordance with the State Fire Prevention Code; (2) keep records of each fire drill; and (3) send a copy of the records to the State Board of Education. For further discussion of school safety, see Part L – Education in this *90 Day report*.



Part F

Courts and Civil Proceedings

Judges and Court Administration

Additional Judgeships

The Chief Judge of the Court of Appeals annually certifies to the General Assembly the need for additional judges in the State. The Judiciary uses best practices developed by the National Center for State Courts (NCSC) to calculate judicial need, which take into account the amount of judicial work generated on average per case filing within each distinct case type. Using the model developed by NCSC, judicial need for fiscal 2020 was primarily based on the average number and type of cases filed in fiscal 2016 through 2018. Although the certification of judicial workloads indicated a projected need of 14 additional judges throughout the State, the Judiciary requested 7 judges for the locations deemed to be in most critical need of additional judicial resources.

Senate Bill 205 (passed) increases the number of resident judges of the circuit court by adding one additional judgeship in Washington County. The bill also creates one additional District Court judgeship in District 4 (which must be appointed from St. Mary's County), one additional District Court judgeship in District 7 (Anne Arundel County), and two additional District Court judgeships in District 5 (Prince George's County) and District 8 (Baltimore County). The fiscal 2020 budget includes funding of \$2.2 million for this purpose.

Juror Qualifications

Each adult citizen of the State has both the opportunity for jury service and, when summoned, the duty to serve. An individual is not qualified for jury service in specified circumstances, including if the individual (1) has been convicted, in a federal or State court, of a crime punishable by imprisonment exceeding six months and received a sentence of imprisonment for more than six months or (2) has a charge pending in a federal or State court for a crime punishable by imprisonment exceeding six months. An individual with a disqualifying conviction who has been pardoned qualifies for jury service.

Senate Bill 236 (passed) increases, from more than six months to more than one year, the length of time of a criminal sentence or potential sentence that disqualifies an individual from jury service.

State Law Library

The State Law Library provides legal information to the State's appellate courts and agencies throughout State government. The library also serves as the resource center for the circuit court libraries and as a select U.S. government repository for federal agency and congressional publications.

Senate Bill 594/House Bill 1330 (both passed) rename the State Law Library as the Thurgood Marshall State Law Library. Thurgood Marshall, who was born in Baltimore, was one of the most prominent civil rights attorneys in the nation. He eventually argued 32 cases before the Supreme Court and won 29 of them, including *Brown v. Board of Education of Topeka* (1954). In 1967, Marshall became the first African American justice to serve on the U.S. Supreme Court; he served for 24 years before his retirement.

Civil Actions and Procedures

Statutes of Limitations

Child Sexual Abuse

In response to growing recognition of the long-term impact of child sexual abuse, several states and the District of Columbia have enacted laws that specifically address the statute of limitations for actions to recover damages stemming from this type of abuse. The most recent alteration of the statute of limitations relating to child sexual abuse in Maryland was enacted as Chapters 12 and 656 of 2017. Under those laws, an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor must be filed (1) at any time before the victim reaches the age of majority; (2) within the later of 20 years after the date on which the victim reaches the age of majority; or (3) 3 years after the date that the defendant is convicted of a crime relating to the alleged incident or incidents, as specified.

House Bill 687 (failed) would have established that an action for damages arising out of an alleged incident or incidents of "sexual abuse," as defined under the bill, that occurred while the victim was a minor may be filed at any time. The bill would have applied retroactively to revive any action that was barred by the statutory period of limitations applicable before October 1, 2019, if the action is filed before October 1, 2021.

Unfair Trade Practices by Mortgage Servicers

Generally, a civil action must be filed within three years from the date it accrues, unless otherwise established by State law. *House Bill 425 (passed)* extends the statute of limitations for filing a civil action by a homeowner for specified claims of unfair, abusive, or deceptive trade

practices by a mortgage servicer related to residential property. The bill specifies that such an action must be filed within the earlier of either five years after a foreclosure sale of the residential property or, if the mortgage servicer discloses its unfair, abusive, or deceptive trade practice to the homeowner, three years after such disclosure. The bill applies prospectively and may not be applied to any cause of action arising before the bill's October 1, 2019 effective date.

Discovery and Evidence

Insurance Coverage

An insurer must provide a claimant, after the claimant files a written tort claim concerning a vehicle accident and provides specified documentation to the insurer, with documentation of the applicable limits of liability coverage in any insurance agreement under which the insurer may be liable to (1) satisfy all or part of the claim or (2) indemnify or reimburse for payments made to satisfy the claim. The insurer must provide the claimant with this documentation within 30 days after receipt of the claimant's written request, regardless of whether the insurer contests the applicability of coverage to a claim.

A claimant may obtain documentation of the limits of liability coverage if the claimant provides the following information in writing to the insurer: (1) the date of the vehicle accident; (2) the name and last known address of the alleged tortfeasor; (3) a copy of the vehicle accident report, if available; and (4) the insurer's claim number, if available. Similar requirements apply if the claimant is the decedent's estate or the beneficiary of an individual killed in a vehicle accident.

Senate Bill 101 (passed) extends application of these provisions from claims involving only vehicle accidents to claims pertaining to other torts involving bodily injury or death. Under the bill, this prelitigation discovery applies to the applicable limits of coverage in any automobile, homeowner's, or renter's insurance policy. The bill expands the documentation a claimant must submit in order to receive this information by requiring a claimant to also submit a letter from an attorney admitted to practice law in the State certifying that (1) the attorney has made reasonable efforts to investigate the underlying facts of the claim and (2) based on the attorney's investigation, the attorney reasonably believes that the claim is not frivolous. The bill makes corresponding changes to other statutory provisions. The bill applies prospectively to claims filed with an insurer on or after the bill's October 1, 2019 effective date.

Health Care Malpractice Qualified Experts

A health care provider who attests in a certificate of a qualified expert (or who testifies in relation to a proceeding before an arbitration panel or a court concerning compliance with or departure from standards of care) may not annually devote more than 20% of the expert's professional activities to activities that directly involve testimony in personal injury claims.

For activities to qualify as professional activities, the activities must (1) contribute to or advance the profession to which the individual belongs or (2) involve the individual's active participation in that profession. Activities that do not constitute professional activities for purposes

of the “20% rule” include reading journals, observing procedures conducted by other physicians, and discussing with former colleagues matters for one’s own personal knowledge.

Senate Bill 773 (passed) makes multiple changes related to the qualification of an expert in a health care malpractice action. The bill (1) defines “professional activities” to mean all activities arising from or related to the health care profession; (2) increases, from 20% to 25%, the limit on the amount of an expert’s professional activities that may directly involve testimony in personal injury claims during the 12 months immediately before the date when the claim was first filed; and (3) specifies that once a health care provider meets the requirements to qualify as an expert, the health care provider must be deemed to be a qualified expert during the pendency of the claim. The bill also establishes that, unless there is a showing of bad faith, if a court dismisses a claim or action because a qualified expert failed to comply with the bill’s requirements, a party may refile the same claim or action before the later of (1) the expiration of the applicable period of limitation or (2) 120 days after the date of the dismissal. However, a claim may be refiled only once. The bill’s provisions apply to any proceeding filed on or after the bill’s October 1, 2019 effective date.

Asbestos Litigation

A significant backlog of civil asbestos cases has developed in the Circuit Court for Baltimore City, according to litigators who represent plaintiffs. Plaintiffs’ attorneys argue that the backlog is the result of insufficient judicial resources. Attorneys for the defendants contend that the backlog is much smaller, question how many of these cases are really viable, and argue that plaintiffs’ attorneys often delay bringing cases to trial. The magnitude of the backlog remains in dispute.

Senate Bill 1049 (failed) would have altered procedures for the management and disposition of asbestos cases in the Circuit Court for Baltimore City. As passed by the Senate, the bill would have established the Office of Asbestos Case Mediation and Resolution in the Executive Department, to be headed by a director appointed by the Governor with the advice and consent of the Senate. The bill would have required the director to perform specific functions and would have required the court to refer asbestos cases to the office for mediation.

Priority for mediation of an asbestos case would have been given to cases involving serious illness, including mesothelioma, lung cancer, and any other type of cancer. All parties referred to the office for mediation would have been required to participate in the mediation process, subject to a mesothelioma plaintiff’s right to elect to forego mediation.

For those parties unable to reach an agreement through the mediation process, the director would have been required to notify the court of the conclusion of mediation, and the court would have been required to proceed with the asbestos case in accordance with specified procedures. The court would have been prohibited from proceeding with an asbestos case referred to the office for mediation before receiving notice of the election to forego mediation by a mesothelioma plaintiff or the conclusion of mediation.

As passed by the House of Delegates, *Senate Bill 1049* would have established the Joint Committee on Asbestos Litigation Oversight. The committee would have been comprised of legislators, representatives of relevant legal organizations, and retired judges. The committee would have been required to (1) make recommendations regarding increasing the use of mediation in asbestos cases; (2) examine and evaluate the effect of all laws, including court rules, on asbestos litigation in the State; (3) consider information provided by the Court of Appeals and representatives of litigants concerning asbestos litigation; (4) examine and consider consolidating cases by job site location or disease type; and (5) study the establishment of a separate asbestos court as used in other states.

The Court of Appeals would have been required to submit to the committee annual reports containing specified information regarding, among other things, docket statistics, evaluation of judicial resources, and an assessment of ongoing efforts to manage the asbestos docket. The bill also would have expressed the intent of the General Assembly that (1) the Judiciary include in its fiscal 2021 budget submission the resources necessary to fund special masters for the asbestos docket and (2) the General Assembly ensure that sufficient funding is available to fund any special master positions provided by the Judiciary for the asbestos docket.

Family Law

Child Abuse and Neglect

Failure to Report Suspected Child Abuse and Neglect

According to the Child Welfare Information Gateway (CWIG), every state and the District of Columbia have laws that identify those people who are required to report suspected incidences of child abuse and neglect; 48 states and the District of Columbia also specify professions for which the mandatory reporting requirements apply. In Maryland, health care practitioners, police officers, educators, and human service workers who are acting in a professional capacity, and who have reason to believe that a child has been subjected to abuse or neglect, must notify the local department of social services or the appropriate law enforcement agency. An “educator or human service worker” includes any teacher, counselor, social worker, caseworker, and parole or probation officer.

According to CWIG, Maryland is one of only two states that does not impose a penalty on a mandatory reporter who knowingly or willfully fails to report suspected child abuse or neglect. *Senate Bill 568/House Bill 787 (both passed)* make it a misdemeanor for a worker described above to knowingly fail to report suspected child abuse or neglect if the worker has actual knowledge of the abuse or neglect. A violator is guilty of a misdemeanor and subject to a maximum penalty of up to three years imprisonment and/or a \$10,000 fine. The bills only apply to a failure to report child abuse or neglect that occurs during the time the child is a minor.

Sex Trafficking

Chapter 91 of 2015 established the Workgroup to Study Safe Harbor Policy for Youth Victims of Human Trafficking. The workgroup was tasked with various responsibilities relating to human trafficking, including making recommendations regarding legislation to address the provision of services and legal protections for youth victims of human trafficking in the State. The workgroup recommended the replication of Minnesota's regional navigators model for the coordination of services for victims of child sex trafficking.

House Bill 827 (passed) establishes the Safe Harbor Regional Navigator Grant Program to support services for youth victims of sex trafficking. "Youth" is defined as an individual younger than age 24. The Governor's Office of Crime Control and Prevention (GOCCP) must provide grant funding for services provided by the program; the Governor may appropriate up to \$3 million for grant funding. The program must support services for youth victims of sex trafficking by (1) creating and sustaining projects to provide services for youth victims of sex trafficking that are victim centered and trauma informed; (2) facilitating and coordinating among specified entities that respond to youth victims of sex trafficking; (3) ensuring that youth victims of sex trafficking have access to specified services; (4) increasing the State's capacity to respond to youth sex trafficking; and (5) training providers to appropriately identify and serve youth victims of sex trafficking. Grantees under the program may include, as specified, child advocacy centers, sexual assault crisis programs, or qualified community-based services providers. Grants must be awarded to ensure that emergency and long-term services are available for youth victims of sex trafficking in every jurisdiction in the State by January 1, 2022.

Services coordinated and provided by a grantee must include safety planning, emergency response, basic living needs, trauma counseling and mental health services, drug and alcohol abuse treatment, legal services, victim advocacy, case management, and designation of regional navigators. A "regional navigator" is a provider of services designated by a grantee of the program. A law enforcement officer who has reason to believe that a child who has been detained is a victim of sex trafficking must notify any appropriate regional navigator, as specified. A local department of social services that receives a report of suspected abuse or neglect involving a child who is a suspected victim of sex trafficking must refer the child to any appropriate regional navigator. The bill also requires a joint investigation procedure for reported cases of suspected abuse and neglect to include screening to determine whether a child is a victim of sex trafficking.

Child Abuse and Neglect Records

All records and reports concerning child abuse and neglect are confidential; however, child abuse and neglect records may be disclosed on request to individuals or entities under circumstances specified in statute, including to local or State officials responsible for the administration of child protective services, child care, or foster care, as necessary to carry out their official functions.

Although the Department of Human Services (DHS) may receive pertinent information concerning a child from the Department of Juvenile Services (DJS) under specified circumstances, statutory provisions do not fully permit DHS to reciprocate with information about its child abuse and neglect cases. *House Bill 843 (passed)* authorizes the disclosure of reports or records concerning child abuse or neglect to local or State officials responsible for the administration of juvenile services on request and as necessary to carry out their official functions. The bill is intended to ensure that DHS and DJS are able to exchange all information necessary to care for or provide services to children and their families.

Child Advocacy Centers

Child advocacy centers provide a comprehensive, multidisciplinary, community response to child abuse and neglect. GOCCP is required to establish and sustain child advocacy centers in the State. The centers (1) may be based in private nonprofit organizations, local departments of social services, local law enforcement agencies, or a partnership among any of these entities; (2) must be developed and located to facilitate their use by alleged victims residing in the surrounding area; (3) must investigate allegations of sexual crimes against children and sexual abuse of minors; (4) must provide or facilitate referrals to appropriate counseling, legal, medical, and advocacy services for victims; and (5) must be included in all joint investigation procedures regarding suspected cases of abuse and neglect, as specified. GOCCP may contract with public or private nonprofit organizations to operate child advocacy centers.

Senate Bill 739/House Bill 1007 (both passed) require GOCCP to ensure that every child in the State has access to a child advocacy center. GOCCP must also contract with a nonprofit organization to establish a statewide organization to provide training, technical assistance, data collection, and capacity building to meet local, State, and national requirements for child advocacy centers. The statewide organization must establish standards for child advocacy centers in the State that meet national accreditation standards and include specified items, including cultural competency and diversity, medical evaluations, mental health services, a formal case review process, and forensic interviews that are neutral, fact finding, and avoid duplicative interviewing. The bills also alter and establish numerous requirements for child advocacy centers in the State, including (1) requiring child advocacy centers to provide a level of care that meets or exceeds national accreditation standards and (2) requiring money for child advocacy centers to be distributed in accordance with a formula agreed on by the statewide organization and GOCCP.

Child Custody Proceedings

Senate Bill 567 (passed) establishes the Workgroup to Study Child Custody Court Proceedings Involving Child Abuse or Domestic Violence Allegations. The workgroup must (1) study State child custody processes for when child abuse or domestic violence allegations are made during court proceedings; (2) study available science and best practices pertaining to children in traumatic situations, including trauma-informed decision making; and (3) make recommendations about how State courts could incorporate in court proceedings the latest science regarding the safety and well-being of children and other victims of domestic violence. The workgroup is to be chaired by the Secretary of State, or the Secretary's designee. By

December 1, 2019, the workgroup must submit an interim report to the Governor and the General Assembly; a final report is due by June 1, 2020.

Children in Out-of-home Placements

Kinship Care Program

The Social Services Administration within the Department of Human Services (DHS) is required to maintain a program for kinship care, which is continuous 24-hour care and supportive services provided for a minor child placed by a child placement agency in the home of a “kinship parent.” A “kinship parent” is an individual who is related by blood or marriage within five degrees of consanguinity or affinity to a child who is in the care, custody, or guardianship of a local department of social services and with whom the child may be placed for temporary or long-term care other than adoption. When selecting a placement that is in the best interests of a child in need of out-of-home placement, the local department must take specified measures to prioritize placing the child with a kinship parent. A kinship parent may not be younger than age 18.

Because participation in the kinship program is limited to those adults related by blood or marriage within specified degrees, other individuals who have a significant bond with the child are excluded. However, federal law has recognized that children in foster care may have a familial relationship with people who are not related to them by blood or marriage, and permits states to include people such as godparents and family friends in state kinship programs. *Senate Bill 24/House Bill 1212 (both passed)* expand the kinship care program by allowing individuals who have specified relationships with a child to serve as “kinship caregivers.” The local department may approve an individual as a “kinship caregiver” only if (1) the individual is related to the child by blood or marriage beyond five degrees of consanguinity or affinity, as specified, or is a close family friend of the child or the child’s family; (2) the individual meets specified criteria, including that the individual has maintained regular contact with the child or the child’s family sufficient to demonstrate strong familiarity with the child’s activities and daily needs; and (3) placement with the individual is in the child’s best interest. A kinship caregiver may not be younger than age 21. The bills authorize a local department, if no kinship parent is located at the time of the initial placement, to place the child with a kinship caregiver as an alternative to foster care. If a kinship caregiver is located after a child has been placed in a foster care setting, the local department may, if it is in the best interest of the child, place the child with a kinship caregiver.

Family First Prevention Services Act

The federal Family First Prevention Services Act of 2018 made numerous changes to the foster care program, in part with the purpose of increasing the use of family foster care homes and reducing the use of group care for children in out-of-home placements. *Senate Bill 1043 (passed)* conforms State law to federal requirements by requiring the juvenile court to review placements in “qualified residential treatment programs” according to specified timeframes. A “qualified residential treatment program” is a program within a licensed child care institution that provides continuous, 24-hour care and supportive services to children in a residential, nonfamily home setting that (1) has a trauma-informed treatment model that is designed to address the clinical and

other needs of children with serious emotional or behavioral disorders or disturbances; (2) is able to implement the specific treatment recommended in an assessment completed by a qualified individual; (3) has registered or licensed nursing staff and other licensed clinical staff who meet specified requirements; (4) appropriately facilitates outreach to family members and integrates the family members into the treatment of the children; and (5) is able to provide discharge planning, as specified.

Within 60 days after a child is placed in a qualified residential treatment program, the court must conduct a hearing to review the status of the child and determine the appropriateness of the placement. Specifically, the court must (1) review the assessment of the child conducted by a qualified individual; (2) consider whether the needs of the child can be met through placement in a foster family home; (3) consider whether placement of the child in a qualified residential treatment program provides the most effective and appropriate care for the child in the least restrictive environment; and (4) consider whether placement of the child in a qualified residential treatment program is consistent with the short-term and long-term goals for the child as specified in the permanency plan.

The juvenile court must make related determinations at a hearing to review the child's permanency plan, including (1) determining whether the ongoing needs assessments of the child support continued placement of the child in a qualified residential treatment program; (2) determining whether placement in a qualified residential treatment program provides the most effective and appropriate level of care for the child in the least restrictive environment; and (3) determining whether the continued placement in a qualified residential treatment program is consistent with the short-term and long-term goals for the child as specified in the permanency plan. At each of the hearings specified in the bill, the court must state, in writing, the reasons for its decision to approve or disapprove the continued placement of a child in a qualified residential treatment program.

Children in Need of Assistance

Guardianship and Financial Accounts

A child in need of assistance (CINA) is a child who requires court intervention because (1) the child has been abused or neglected or has a developmental disability or a mental disorder and (2) the child's parents, guardian, or custodian are unable or unwilling to provide proper care and attention to the child. In making a disposition on a CINA petition, the court may grant limited guardianship to DHS or an individual or both for specific purposes, including medical and educational purposes or for other appropriate services if a parent is unavailable, unwilling, or unable to consent to services that are in the best interest of the child. A guardian appointed pursuant to these provisions has no control over the property of the child unless the court expressly grants that authority.

Senate Bill 732 (passed) requires a court, on request of a local department of social services that has been granted guardianship over a CINA, to issue a separate order granting the local department guardianship authority to establish (1) an individual savings account; (2) an “Achieving a Better Life Experience” (ABLE) account, if unable to establish an individual savings account due to the child’s age, or (3) a pooled special needs trust account. An order issued pursuant to the bill must meet specified requirements, including prohibiting the local department from withdrawing funds from any account or trust established under the order.

Parentage and Adoption

Although the State does not have a comprehensive statute on assisted reproduction, statutory provisions provide that a child conceived by artificial insemination of a married woman with the consent of her husband is the legitimate child of both of them for all purposes; consent of the husband is presumed. Although a child born or conceived during a marriage is presumed to be the legitimate child of both spouses, a child born to individuals who are not married to one another is only considered to be the child of the mother, and may be considered to be the child of the father only if specified conditions are met. Statutory provisions set forth a process by which an unmarried father and mother must be provided an opportunity to execute an affidavit of parentage, which includes a statement that the affidavit constitutes a legal finding of paternity.

Senate Bill 697/House Bill 519 (both passed) make numerous changes to statutory provisions regarding parentage and adoption to address the parental rights of same-sex couples and couples who conceive by means of assisted reproduction. To this end, the bills alter numerous presumptions of parentage for purposes of inheritance and specified legal proceedings. For example, the bills establish that a child conceived by means of assisted reproduction during the marriage of the child’s mother with the consent of the mother’s spouse is the legitimate child of both spouses for all purposes. A child born to parents who are not married to one another is the child of the parent who did not give birth to the child if (1) the parent has been judicially determined to be the child’s father in specified proceedings, and that determination has not been modified or set aside or (2) the parent and the child’s mother consented to the conception of the child by means of assisted reproduction with the shared express intent to be the parents of the child, subject to specified conditions if the child is conceived after the death of a parent.

The bills also establish a rebuttable presumption that a child born to parents who are unmarried to one another is the child of an individual who did not give birth to the child if the individual (1) has acknowledged himself or herself, in writing, to be a parent of the child; (2) has openly and notoriously recognized the child to be the individual’s child; or (3) has subsequently married the mother and has acknowledged himself or herself, orally or in writing, to be a parent of the child. An individual who is the presumed parent of a child must be considered to be the child’s parent for all purposes, as specified, unless the presumption of parentage is rebutted according to specified procedures. The bills make conforming changes to provisions regarding affidavits of parentage by repealing numerous references to “paternity” and “father” and authorizing individuals who did not give birth to a child to execute an affidavit of parentage, as specified. The bills also make numerous clarifying and conforming changes regarding the inclusion of the names of parents on birth certificates.

Finally, the bills establish an expedited adoption process by (1) an individual who is the spouse of the prospective adoptee’s mother at the time of the prospective adoptee’s birth or conception or (2) an individual who, together with the prospective adoptee’s mother, consented to the conception of the prospective adoptee by means of assisted reproduction with the shared express intent of being parents of the prospective adoptee.

Human Relations

Discrimination and Harassment

Employment and Housing

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. *House Bill 679 (passed)* broadens the definition of “employer” for purposes of employment discrimination on the basis of harassment to include a person that is engaged in an industry or business and has one or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year. The bill also broadens the definition of an “employee” protected from employment discrimination to include an individual working as an independent contractor for an employer.

Public Buildings – Diaper Changing Facilities

Generally, there is no requirement in State law to install diaper-changing facilities in public buildings. *Senate Bill 330 (passed)* requires a diaper-changing facility to be installed in at least one public restroom within a public building constructed on or after October 1, 2019. This requirement also applies to a public restroom in an existing building that is built or substantially renovated on or after October 1, 2019. For a further discussion of this bill, see the subpart “State Agencies, Offices, and Officials/Regulations” within Part C – State Government of this *90 Day Report*.

Racial and Religious Equality

Maryland Lynching Truth and Reconciliation Commission

The Maryland Lynching Memorial Project is a nonprofit organization that works to advance the cause of reconciliation in Maryland by documenting the history of racial terror lynchings, advocating for public acknowledgement of these murders, and working to honor and dignify the lives of the victims. *House Bill 307 (passed)* establishes the Maryland Lynching Truth and Reconciliation Commission to be staffed by Bowie State University, in consultation with the Maryland Lynching Memorial Project. Truth and reconciliation commissions are generally established to address inequalities in an attempt to heal divisions in societies that have histories of violence and inequality. The commission established by the bill must (1) hold public hearings in

all areas where a lynching of an African American by a white mob has been documented; (2) receive recommendations from the public, including families and communities affected by lynching, for addressing, engaging, and reconciling affected families and communities; and (3) make recommendations for addressing the legacy of lynching that are rooted in the spirit of restorative justice and may include the erection of memorial plaques or signage at or near sites of racially motivated lynchings. The commission may also research cases of racially motivated lynchings that are not documented but are brought to the commission's attention and the involvement of government entities and news media in cases of racially motivated lynching.

Task Force on Reconciliation and Equity

The Institute for Urban Research at Morgan State University seeks to improve the manner in which government, private, and other institutions respond to the challenges of poverty, unemployment, poor health, truancy, and related problems. Chapter 417 of 2018 required the Institute for Urban Research to convene a task force to explore issues of reconciliation, inclusionary justice, and racial equity. *Senate Bill 1032 (passed)* extends the date by which the Institute for Urban Research must submit a full report on the activities, findings, and recommendations of the Task Force on Reconciliation and Equity by one year from January 31, 2020, to January 31, 2021.

Hate Crimes

State law generally prohibits damaging property of a religious entity and obstructing the exercise of religious beliefs. State law also prohibits harassment or destruction of property and damage to an associated building based on a person's or group's homelessness, race, color, religious beliefs, sexual orientation, gender, or national origin. *Senate Bill 232/House Bill 240 (both passed)* prohibit a person from threatening to commit a violation of the above specified hate crimes. For a more detailed discussion of this issue, see the subpart "Criminal Law" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Real Property

Government Shutdown – Employee Protections

Senate Bill 512 (passed) provides specified protections for employees of the federal or State government or a local government in the State involuntarily furloughed from work without pay because of a government shutdown, regardless of whether the employee is required to report to work during the furlough. The bill prohibits a public service company from terminating electric or gas service to a residential electric or gas customer if the customer contacts the company before the date of termination to provide verification of employment and enter into a specified payment plan. The bill also requires a court to stay a proceeding, for a time that the court considers reasonable, in an action to foreclose a mortgage or deed of trust on owner-occupied residential property or to repossess residential property for failure to pay rent due during a government shutdown, if the defendant presents certain evidence satisfactory to the court.

Homeowners Associations – Number of Declarant Votes

Senate Bill 305 (passed) specifies that before the date 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, is entitled to the number of votes set forth in the governing documents of the HOA. The bill further specifies that beginning on the date on which all lots in an HOA that may be part of the development have been subdivided and recorded, the declarant, when voting on an HOA matter, is entitled to one vote per lot that has been subdivided and recorded in the land records of the county in which the HOA is located and has not been sold to members of the public.

Residential Real Property Transactions – Escrow Agents

House Bill 222 (passed) requires an escrow agent, that is not a specified financial institution or subject to specified professional regulatory laws, to enter into a written agreement with the purchaser and seller when the escrow agent agrees to hold trust money in escrow for a residential real estate transaction. The written agreement must contain (1) the amount of the trust money entrusted to the agent; (2) the date the trust money was entrusted to the agent; (3) the responsibility of the agent to notify the purchaser and seller of trust money returned due to dishonored funds; (4) the conditions under which the escrow agent may release the trust money; and (5) the process to address disputes over the release of the trust money. The bill may not be construed to prohibit an escrow agent from transferring trust money to another escrow agent, if the purchaser of the residential real estate for which the trust money is held chooses the escrow agent to whom the trust money is transferred.

Recordation of Conservation Easements – Notice Provisions

Senate Bill 25 (passed) establishes that if an easement, covenant, restriction, or condition has been granted, devised, dedicated, reserved, or donated to the Maryland Agricultural Land Preservation Foundation, the Maryland Historical Trust, the Maryland Environmental Trust (MET), a land trust that has executed a cooperative agreement with MET, a county, or the Department of Natural Resources, a notice of the easement, covenant, restriction, or condition may be recorded in the land records of the county in which the property interest is located. The notice must contain certain identifying information. The notice also must be indexed among the land records under the name of the holder of the easement, covenant, restriction, or condition and the fee simple owner specified in the notice. Failure to record a notice in accordance with the requirements of the bill, however, does not impair the rights or interests of the holders of the easement, covenant, restriction, or condition.

Residential Property Foreclosures – Regulatory Clarifications

House Bill 107 (passed) substitutes the Commissioner of Financial Regulation for the Department of Labor, Licensing, and Regulation, for clarity, in specified provisions of law relating to residential foreclosures and the Foreclosed Property Registry (FPR). The bill also recodifies and consolidates various provisions related to residential foreclosure procedures, including certain

notice and disclosure requirements, and the FPR in a subtitle that specifically pertains to mortgages and deeds of trust and residential foreclosure procedures.

Construction Contracts – Retention Proceeds

House Bill 1231 (passed) lowers the threshold from \$250,000 to \$100,000 for construction contracts that are subject to the statutory 5% cap on retention proceeds. The bill clarifies that the term “undisputed amounts” includes any retention proceeds that exceed the amount authorized to be retained as specified under the Real Property Article, and provides that undisputed retention proceeds retained by an owner must be paid within 90 days after the date of substantial completion, as defined by the applicable contract or subcontract.

Estates and Trusts

Probate

Witnesses to Wills

Generally, a will must be (1) in writing; (2) signed by the testator, or by another person on behalf of the testator, in the testator’s presence and by the testator’s express direction; and (3) attested and signed by two or more credible witnesses in the presence of the testator. *Senate Bill 212/House Bill 1140 (both passed)* specify that, for the purpose of serving as a witness to the signing of a will, a witness is not in the presence of the testator if the witness is in a different physical location than the testator, regardless of whether the testator can observe the witness through electronic audio-video or other technological means. The bills clarify that a will executed outside the State is properly executed if it is executed in conformity with the law of the place where the testator is physically located when the testator signs the will.

Share of Surviving Spouse

State law has long protected widows and widowers from disinheritance when their spouse dies. Generally, if there is no surviving issue (living lineal descendant), the surviving spouse of a decedent may elect to take an amount equal to one-half of the “net estate,” instead of property left to the surviving spouse by will. If there is surviving issue, the surviving spouse may take an amount equal to one-third of the net estate. Under this construction, a surviving spouse can still be effectively disinherited if most of the decedent’s assets pass outside probate, for example, through joint tenancies with right of survivorship, bank or brokerage accounts with a “transferable on death” or “payable on death” beneficiary designation, or inter-vivos trusts. Conversely, if the decedent has adequately provided for the surviving spouse through nonprobate assets, an election by the surviving spouse to take the statutory share of the net probate estate can result in the spouse receiving more than his or her “fair share.”

Senate Bill 192/House Bill 99 (both passed) alter the elective share for a surviving spouse by making numerous changes governing the calculation, election, and payment of an elective share of a surviving spouse. The bills (1) establish definitions and procedures for calculating the estate

subject to election; (2) expand and clarify procedures by which the surviving spouse may elect to take an elective share; (3) establish additional procedures for the payment of an elective share; and (4) establish standards for court modification of an elective share. The bills also update specified personal financial power of attorney and limited power of attorney forms contained in statute.

Generally, any part of a net estate of a decedent not effectively disposed of by the will must be distributed to the heirs of the decedent in the order prescribed in State law. A surviving spouse receives one-half of the intestate estate when there is a surviving minor child. If there is no surviving minor child, but there is surviving issue, or if there is no surviving issue, but there is a surviving parent, the share of the surviving spouse must be the first \$40,000 plus one-half of the remaining estate. If there is no surviving issue or parent, the share of the spouse must be the whole estate. *Senate Bill 317 (passed)* modifies the calculation of the share of an intestate estate inherited by a surviving spouse in instances where there is a surviving parent of the deceased. The bill specifies that when calculating the share of a surviving spouse, if there is no surviving issue, but there is a surviving parent, (1) if the surviving spouse and the decedent had been married for less than five years, the share of the surviving spouse must be the first \$40,000 plus one-half of the remainder; and (2) if the surviving spouse and the decedent had been married for at least five years, the share must be the whole estate.

Waiver of Fees

Generally, registers of wills are entitled to charge and collect fees for the performance of specified duties. *Senate Bill 261/House Bill 1305 (both passed)* require a register of wills to waive the fees for administration of an estate if (1) the real property of the decedent is to be transferred to the decedent's heir who resides on the property or is encumbered by a lien and subject to a tax sale; and (2) the estate is unable to pay the fees by reason of "poverty."

Trusts

Permissible methods of notice to a person or for sending a document to a person include first-class mail, personal delivery, or delivery to the last known place of residence or place of business of the person. The notice requirements apply to the proposed (1) termination of a trust; (2) modification of the administrative or dispositive terms of a trust; (3) combination of two or more trusts into a single trust; (4) division of a trust into two or more separate trusts; (5) resignation of a trustee or cotrustee; or (6) transfer of the principal place of administration of a trust. *Senate Bill 381/House Bill 898 (both passed)* expand and clarify the means of communication that may be employed to provide specified notice under the Maryland Trust Act (MTA). The bills define "delivery address" as (1) the last known place of residence or place of business of a person; (2) a facsimile number provided by a person for the purpose of receiving notice; or (3) an email address provided by a person for the purpose of receiving notice, and specify that a permissible method of providing notice to a person or for sending a document to a person under MTA includes delivery to the person's delivery address. The bills also specify methods of notice that may be employed by a trustee when providing notice to a person under MTA.

Generally, on petition by a trustee, personal representative, beneficiary, or party in interest, after meeting specified notice requirements and for good cause shown, a court may (1) divide a trust into two or more separate trusts or (2) consolidate two or more trusts into a single trust. A court may divide a trust or consolidate trusts (1) on terms and conditions as the court considers appropriate and (2) if the court is satisfied that a division of a trust or consolidation of trusts will not defeat or materially impair the accomplishment of trust purposes or the interests of the beneficiaries. *Senate Bill 382/House Bill 932 (both passed)* specify that if a trust instrument does not provide for the consolidation or division of a trust, a trustee may, without a court order (1) divide a trust into two or more separate trusts or (2) consolidate two or more trusts into a single trust. The bills prohibit a trustee from dividing a trust or consolidating trusts if a beneficiary objects in writing within 30 days after the trustee provides notice as required under specified provisions of MTA.



Part G

Transportation and Motor Vehicles

Transportation

Roads and Highways

Traffic Calming Devices

A traffic calming device is a physical highway measure used to reduce vehicle speed and increase safety for bicycles, motorists, and pedestrians. It includes speed bumps, raised crosswalks, traffic circles, and narrowed roads. The Federal Highway Administration advises that traffic calming designs have helped increase the quality of life in urban, suburban, and rural areas by reducing automobile speeds and traffic volumes on neighborhood streets. *House Bill 560 (passed)* requires the State Highway Administration (SHA), in consultation with appropriate county and municipal authorities, to (1) compile best practices for siting, constructing, and maintaining traffic calming devices; (2) coordinate and act as a clearinghouse for the best practices; and (3) publish and periodically update the information it collects.

Complete Streets

Two pieces of legislation enacted in 2018 significantly expanded the State's focus on complete streets policies and design features. First, Chapters 717 and 718 of 2018 established the State's definition of what constitutes a complete streets policy and required SHA, the Maryland Aviation Administration, and the Maryland Transit Administration (MTA) to adopt and implement complete streets policies for the State's roadways, airports, and transit systems.

Second, Chapters 721 and 722 of 2018 established the Complete Streets Program as a competitive matching local grant program within the Maryland Department of Transportation (MDOT). Under the program, a local government that develops a complete streets policy and is certified by MDOT may apply for matching grants to finance the design and planning of eligible complete streets projects.

Senate Bill 116/House Bill 82 (both passed) expand both the complete streets policies required by Chapters 717 and 718 and the Complete Streets Program established by Chapters 721 and 722 to include a focus on access to retail stores that provide healthy food and other necessities, especially in “food deserts” designated by the Department of Housing and Community Development.

Vision Zero

Vision Zero is a road traffic safety strategy to eliminate all traffic-related fatalities and major injuries. Vision Zero was first adopted in Sweden in 1997. Since that time, similar strategies and programs have been adopted by numerous other countries, including Canada and the United Kingdom, and by U.S. cities and states, including New York City and North Carolina. Maryland has developed and implemented its own version of Vision Zero, called Toward Zero Deaths; the program is administered by the Maryland Highway Safety Office, which is located within the Motor Vehicle Administration. *House Bill 885 (passed)* establishes a Vision Zero Program within MDOT with the goal of having zero vehicle-related deaths or serious injuries on roadways by the year 2030.

Coastal Flooding Construction

Chapters 628 and 629 of 2018 generally expanded 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. *House Bill 1427 (passed)* limits the applicability of those criteria to specified State and local *capital* projects. For a more detailed discussion of this issue, see the subpart “Natural Resources” within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Public Transit

Free Transit Ridership for State Employees

Employees of the Executive Branch of State government, among others, may ride on MTA local service (Baltimore area bus, Metro subway, and light rail) at no cost. This fringe benefit, which is not authorized in statute, was established by the Executive Branch approximately 18 years ago. *Senate Bill 319/House Bill 201 (both passed)* codify and expand this benefit to all permanent Executive Branch State employees, including employees of units with an independent personnel system. The bills also require MDOT and the Department of Budget and Management to study and report on the cost and feasibility of expanding the transit ridership program to include other transit services.

Bus Lanes in Baltimore City

A dedicated bus lane is a lane designated to give priority to transit vehicles by separating them from other modes of traffic and allowing them to move through congested areas more quickly and efficiently. Baltimore City has implemented a number of these types of lanes near the Inner Harbor. *House Bill 130 (passed)* requires MTA, jointly with the Baltimore City Department

of Transportation, to study and analyze dedicated bus lane enforcement mechanisms used by peer transit agencies in the United States and develop a plan to enforce violations of dedicated bus lanes in Baltimore City.

Maryland Transportation Authority and Toll Facilities

Toll Collection from Out-of-state Drivers

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities (for example, the Chesapeake Bay Bridge and Intercounty Connector) and for financing new revenue-producing transportation projects. Generally, video tolls and associated civil penalties are referred to the Central Collection Unit (CCU) if MDTA is unable to collect them.

House Bill 105 (passed) prohibits CCU from collecting any debt that is owed for unpaid video tolls and associated civil penalties from persons residing outside of the State. As a result, the bill indirectly allows MDTA to use a means of debt collection other than CCU to collect those unpaid tolls and associated penalties. Historically, MDTA and CCU have had difficulty collecting video tolls from out-of-state violators, in part because MDTA lacks the enforcement tools it has for in-state drivers, such as the suspension and nonrenewal of vehicle registrations. Under the bill, MDTA plans to use an outside debt collection service to collect the out-of-state debt.

Multiple Modes

Bikeways Network Program and Transit Planning

MDOT administers a Bikeways Network Program that provides grant support for a wide range of bicycle network development activities. The program is designed to support projects that maximize bicycle access and fill missing links in the State's bicycle system, focusing on connecting bicycle-friendly trails and roads and enhancing last-mile connections to work, school, shopping, and transit. *House Bill 1281 (passed)* codifies and mandates funding for the Bikeways Network Program. Specifically, the Governor must include in the State budget an appropriation from the Transportation Trust Fund for the operation of the program of at least \$3.8 million annually.

The bill also alters the scope of and procedures for the development of the Central Maryland Regional Transit Plan required by Chapters 351 and 352 of 2018. Under those Acts, the plan must be developed to meet the transit needs of MTA's core service area, addressing a 25-year timeframe. The bill requires the plan to be updated every 6 years (instead of every 5 years) and expands the scope of the plan to include additional improvements, analyses, maps, and other information. The bill also requires MTA to submit a draft of the plan to the Central Maryland Regional Transit Plan Commission and the Baltimore Metropolitan Council for review and comment at least 45 days before the plan is finalized.

Transportation Access

House Bill 923 (passed) establishes the Task Force to Study Transportation Access. The purpose of the task force is to study and make recommendations to improve access to employment, training and education opportunities, health and rehabilitation services, and other social services for individuals and families in the State without access to public transportation or the ability to use personal motor vehicles. The task force must review information, findings, and recommendations from available and current human services transportation plans, pilot projects, and reports and develop findings and recommendations for policies or actions to improve transportation access in accordance with the purpose of the task force.

Motor Vehicles

Drunk Driving

Penalties for Drunk and Drugged Driving Offenses

House Bill 707 (passed) increases the maximum penalties for a person convicted of driving while under the influence of alcohol or under the influence of alcohol *per se*, while impaired by alcohol, while impaired by drugs or drugs and alcohol, or while impaired by a controlled dangerous substance when that person has certain prior convictions. Under the bill, a person who is convicted of, and has two prior convictions for, any of the above-mentioned offenses is guilty of a misdemeanor and subject to 5 years imprisonment or a \$5,000 fine or both. The penalties are also increased for a person who is convicted of any of the above-mentioned offenses and (1) has three or more prior convictions for any of those offenses or (2) was previously convicted of a single specified homicide or life threatening injury by motor vehicle or vessel offense. Such a violator is guilty of a misdemeanor and subject to 10 years imprisonment or a \$10,000 fine, or both.

The bill also increases certain maximum incarceration penalties for alcohol- and drug-related driving offenses. A first conviction of homicide by motor vehicle or vessel while impaired by drugs subjects the violator to 5 years imprisonment, while a subsequent conviction (after a previous conviction of the same or other specified offenses) subjects the violator to 10 years imprisonment. Additionally, for a person convicted of transporting a minor while impaired by alcohol or while impaired by drugs or drugs and alcohol, the maximum term of imprisonment is increased to 1 year for a first offense and 2 years for a second offense.

Ignition Interlock System

An ignition interlock device connects a motor vehicle's ignition system to a breath analyzer that measures a driver's blood alcohol concentration (BAC). The device prevents the car from starting if the driver's BAC exceeds a certain level. **Senate Bill 245/House Bill 55 (both passed)** alter the definition of an ignition interlock system to further specify that an ignition interlock system is a device that has a camera (1) with the capability of recording still images of the person taking the test of the person's blood alcohol level; (2) without the capability to record sound or

video; and (3) that records images only while the device is testing the blood alcohol level of the person taking the test or if the device is being tampered with.

Licensing and Registration

Identification of an Applicant's Sex

The Maryland Vehicle Law does not explicitly require an applicant for a driver's license, identification card, or moped operator's permit to select a specific sex in the application. Motor Vehicle Administration (MVA) applications for those documents, however, require an applicant to choose between one of two options, male or female. *Senate Bill 196/House Bill 421 (both passed)* require that an application for a driver's license, identification card, or moped operator's permit allow an applicant to identify as (1) female; (2) male; or (3) unspecified or other. If an applicant identifies as unspecified or other in the application, MVA must ensure that the driver's license, identification card, or moped operator's permit displays an "X" in the appropriate location. The bills prohibit MVA from (1) requiring an applicant to provide proof of the applicant's sex or (2) denying an application because the sex selected by the applicant does not match the sex displayed on another document associated with the applicant.

Penalties for Canceled, Revoked, or Suspended Driver's Licenses

A person convicted of possessing any canceled, revoked, or suspended driver's license is subject to imprisonment for up to two months, a fine of up to \$500, or both. In addition, MVA must assess 12 points against the person on conviction. *Senate Bill 237/House Bill 76 (both passed)* repeal the term of imprisonment and reduce to 3 the number of points assessed for a person convicted of possessing a canceled, revoked, or suspended driver's license.

Electronic Credentials

House Bill 180 (passed) authorizes MVA to issue an "electronic credential" to an individual in addition to (and not instead of) a driver's license or an identification card if MVA has already issued either physical credential to the individual. Under the bill, MVA may enter into agreements with a Maryland State agency, another state agency, or the United States to facilitate the issuance, use, and verification of electronic credentials issued by MVA (or another state). In addition, MVA may charge a fee for (1) the issuance of an electronic credential and (2) the use of an electronic verification system. Finally, the bill authorizes an alcoholic beverages license holder (or an employee) to accept the electronic credential as proof of an individual's age.

License Expiration and Renewal

Senate Bill 60 (passed) repeals a requirement that a corrected driver's license issued to a driver age 21 years or older expires on the licensee's birth date in the fifth year following issuance. In addition, the bill allows MVA to waive a vision test for an individual age 21 years or older, but younger than age 40, if the applicant has passed an authorized vision test within the previous 9, rather than 6, years. The bill reflects the recent change to an 8-year duration for driver's licenses.

Recognition, Prevention, and Reporting of Human Trafficking

Senate Bill 146 (passed) requires commercial driver's license (CDL) training schools to include education and training on the recognition, prevention, and effective reporting of human trafficking. MVA must update the Commercial Driver's License Manual with the appropriate information and provide an applicant renewing a CDL with this information.

Certificates of Title and Registration of Vehicles

Chapter 146 of 2014 altered the definition of a farm area motor vehicle (FAMV) by increasing, from 10 to 25 miles, the distance from a farm that a vehicle may travel while remaining eligible to be considered a FAMV. It also required the owner to submit the most recent federal tax filing showing active farming status as part of the application for this registration class. The Act was set to terminate at the end of April 13, 2019. *Senate Bill 133/House Bill 331 (both passed)* make these provisions permanent by repealing the termination date.

Senate Bill 707 (passed) authorizes MVA and licensed title service agents to issue temporary in-transit registrations to allow a nonresident owner of a vehicle to operate the vehicle on a highway in the State only for the purpose of transporting the vehicle to a jurisdiction outside the State in which the vehicle is to be titled and registered.

Rules of the Road

Electric Low Speed Scooters

Electric scooters have become increasingly prevalent in several U.S. cities, including Baltimore and Washington, DC, with the recent emergence of scooter sharing companies. *Senate Bill 770/House Bill 748 (both passed)* establish a definition for "electric low speed scooter" and specify that an electric low speed scooter is considered to be a bicycle for the purposes of the Maryland Vehicle Law.

Electric Bicycles

According to the National Conference of State Legislatures, as of December 2018, 31 states (including Maryland) and the District of Columbia define "electric bicycle" in law, 11 states have adopted three-tiered classification systems for electric bicycles, and several states have adopted age restrictions for the operation of electric bicycles. *Senate Bill 935/House Bill 939 (both passed)* (1) alter the definition of an electric bicycle as it applies to the Maryland Vehicle Law and establish three classes of electric bicycles; (2) restrict the operation of a specified class of electric bicycle on bicycle paths; (3) authorize a local or State agency with jurisdiction over a bicycle path or trail to prohibit or regulate the operation of specified classes of electric bicycles on a bicycle path or trail; and (4) establish age restrictions for the operation of Class 3 electric bicycles on public highways.

In addition, the bills establish specified labeling, equipment, and operational standards for electric bicycles.

Penalties for Violations Recorded by School Bus Monitoring Systems

According to a one-day survey of bus drivers conducted by the Maryland State Department of Education in April 2018, there were 3,812 incidents involving vehicles passing a stopped school bus with its flashing red lights illuminated, compared to 3,384 incidents reported in the previous year's survey. Chapter 744 of 2017 increased, for a two-year period, from \$250 to \$500 the maximum civil penalty for a violation recorded by a school bus monitoring camera for failure to stop for a school vehicle operating alternately flashing red lights. *Senate Bill 464/House Bill 343 (both passed)* repeal the termination date of the increased maximum civil penalty.

Indian Head Highway Speed Monitoring Systems

Chapter 806 of 2018 authorized Prince George's County to place one speed monitoring system at the intersection of Old Fort Road and Maryland Route 210 (Indian Head Highway), subject to specified requirements and termination on September 30, 2023. *House Bill 187 (passed)* repeals a limitation on the location of speed monitoring systems that may be placed on Indian Head Highway in Prince George's County and increases from one to three the number of speed monitoring systems that Prince George's County and local jurisdictions within the county may use on that highway. The bill also repeals a provision of law that limits recording by speed monitoring systems on that highway to the southbound lanes. Under the bill, the State Highway Administration must, in conjunction with the Prince George's County Department of Public Works and Transportation, (1) examine the engineering, infrastructure, and other relevant factors determined to contribute to the overabundance of motor vehicle accidents, injuries, and fatalities on Indian Head Highway and (2) report its findings and recommendations on the most effective solutions to address these issues to the Governor and General Assembly by May 31, 2021.

High Occupancy Vehicle (HOV) Lanes

Chapter 734 of 2016 authorized qualified hybrid vehicles to use an HOV lane on specified portions of U.S. Route 50 regardless of the number of passengers, under specified circumstances, through September 30, 2018. Chapters 678 and 679 of 2018 extended HOV-lane privileges for qualified hybrid vehicles through September 30, 2022. The federal authorization for qualified hybrid vehicles to use HOV lanes regardless of vehicle occupancy, however, lasts only through September 29, 2019. *Senate Bill 70 (passed)* aligns State law with federal law by repealing, effective September 29, 2019, the authorization for qualified hybrid vehicles to use an HOV lane along a specified portion of Route 50 regardless of the number of passengers.

Equipment and Inspections

Size, Weight, and Load: Highway Preservation

Generally, any vehicle with a gross maximum weight of more than 73,000 pounds may travel only on State highways (except while making a delivery or pickup – and then only when traveling by the shortest available legal route to or from the State highway). In Baltimore City, the shortest available legal route must be only on designated truck routes. Furthermore, the gross weight of any vehicle or combination of vehicles generally may not exceed 80,000 pounds,

including any enforcement or statutory tolerances. This limit applies to a vehicle or combination of vehicles with five or more axles; lower limits apply to vehicles or combinations of vehicles with fewer axles. Exceptional hauling permits, however, are available for certain types of loads (typically available for one year or 30 days). In addition, the State Highway Administration may issue a permit that allows a vehicle to carry international freight, as specified, of up to 90,000 pounds.

Senate Bill 1038/House Bill 1401 (both passed) authorize the Maryland Department of Transportation (MDOT) to establish a permit program that allows an overweight vehicle carrying international freight, as specified, to travel on roads designated as being part of a heavy weight port corridor. The bills increase the permitted maximum gross vehicle weight of such vehicles from 90,000 to 100,000 pounds. MDOT must adopt regulations for the issuance of permits pursuant to the bills' requirements. The regulations (1) may set permit fees and (2) must establish axle and gross weight requirements, routes, and other necessary criteria.

Senate Bill 592 (passed) authorizes, on approval by the governing body of Washington County, a vehicle with a gross maximum weight of up to 95,000 pounds to use Warfordsburg Road in Washington County from the Lanco-Pennland Dairy Cooperative cheese factory to the Maryland-Pennsylvania border, a distance of less than one mile.

Miscellaneous

Rental and Replacement Vehicles: Age-based Service Determinations

Although Maryland residents are able to obtain a driver's license at age 18, many motor vehicle rental companies add restrictions, refuse to rent, or charge additional fees when a renter is younger than 25 years old. For example, many companies will not rent a vehicle to someone who is younger than 21 years old and charge additional fees to renters who are between 21 and 24 years old. *Senate Bill 247 (passed)* prohibits a rental vehicle company, auto repair facility, or vehicle dealer from using the age of an individual as the sole basis for refusing to rent or loan a vehicle to the individual or charging the individual a higher fee than normally charged. The bill applies only if the individual is at least 18 years old and the individual's primary vehicle is not in use because of a repair of the vehicle covered by a warranty, a recall of the vehicle, or a repair of the vehicle as a result of a recall.

Clean Cars Act

Chapter 490 of 2010 established the qualified plug-in electric drive vehicle excise tax credit. The credit was available for qualified vehicles titled beginning on October 1, 2010, through June 30, 2013. In addition, Chapter 490 required specified transfers from the Strategic Energy Investment Fund to the Transportation Trust Fund (TTF) in each year to offset TTF revenue reductions resulting from the credit. Subsequent legislation has extended authorization for the program and altered the value of the credit and the maximum amount that may be awarded in credits.

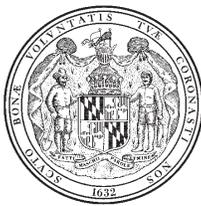
House Bill 1246 (passed) expands the existing qualified plug-in electric drive vehicle excise tax credit by (1) increasing from \$3 million to \$6 million the total amount of credits that MVA may award for fiscal 2020; (2) extending eligibility to qualified fuel cell electric vehicles; and (3) altering the value of the credit.

In addition, ***House Bill 1246*** expands the membership, responsibilities, and reporting requirements of the Maryland Electric Vehicle Infrastructure Council (EVIC) to include a focus on all zero emission vehicles, including fuel cell electric vehicles, and renames EVIC as the Maryland Zero Emission Electric Vehicle Infrastructure Council. EVIC was established by Chapters 400 and 401 of 2011, which charged EVIC with developing a plan to facilitate the integration of electric vehicles into the State’s transportation network and develop statewide charging infrastructure.

For additional discussion of ***House Bill 1246***, see the subpart “Miscellaneous Taxes” within Part B – Taxes and the subpart “Public Service Companies” within Part H – Business and Economic Issues of this *90 Day Report*.

Zero-emission School Buses

House Bill 1255 (passed) establishes the Zero-Emission Vehicle School Bus Transition Grant Program within the Maryland Department of the Environment to provide grants to county boards of education (and entities that contract with county boards to provide transportation services) to (1) purchase zero-emission school buses; (2) install electric vehicle infrastructure for charging zero-emission school buses; (3) engage in planning for a transition to using zero-emission school buses; and (4) fund pilot programs to experiment with a transition to zero-emission school buses. For a more detailed discussion of ***House Bill 1255***, see the subpart “Environment” under Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.



Part H

Business and Economic Issues

Business Occupations

General

Application Approval Standards

House Bill 22 (passed) prohibits the Maryland Department of Agriculture; the Maryland Department of the Environment; the Maryland Department of Health; the Department of Human Services; the Department of Labor, Licensing, and Regulation (DLLR); the Department of Public Safety and Correctional Services; and each unit in those departments from denying an application for an occupational license or certificate based solely on an applicant’s prior criminal conviction, if specified conditions are met. For a more detailed discussion of this issue, see the subpart “Criminal Procedure” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Department Name Change

The Department of Licensing and Regulation was formed in 1970 to consolidate more than 30 agencies and boards responsible for licensing and regulating businesses. It was reorganized as DLLR in 1995. DLLR has indicated that the inclusion of “Licensing and Regulation” in its name has at times led to confusion about the nature and scope of the department’s activities. *House Bill 60 (passed)* renames DLLR as the Maryland Department of Labor and renames the Secretary of Labor, Licensing, and Regulation as the Secretary of Labor.

Accountants

Generally, a public accountancy firm must hold a permit issued by the State Board of Public Accountancy if the firm (1) has an office in the State that performs attest services or (2) has an office in the State that uses the title “CPA” or “CPA firm.” However, an out-of-state firm may perform two of the five “attest” services (a compilation or a financial statement review) for a client with a home office in the State if the firm performs the services through a licensed out-of-state

accountant and meets specified application and peer review requirements. *Senate Bill 513/House Bill 1081 (both passed)* authorize an out-of-state firm to perform all five “attest” services in the State without a firm permit issued by the board, under specified conditions.

Barbers

A student who has completed 850 hours of training while enrolled in public school courses in barbering may practice barbering or provide barber-stylist services without a license in a barbershop if the student meets specified requirements. Only one student may work under the supervision of a licensed master barber in a barbershop. *House Bill 1021 (passed)* authorizes up to three students enrolled in public school barbering courses to work in a barbershop under the supervision of each licensed master barber.

Home Inspectors

Generally, an individual must be licensed by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors as a home inspector before the individual may provide home inspection services in the State. Home inspectors must follow standards of practice detailed in regulation. *Senate Bill 33 (passed)* prohibits a licensed home inspector in Baltimore City from making a certification regarding the presence or identification of pests as part of an inspection of a rental dwelling, unless the inspector is certified as a pest control consultant, pest control applicator, or public agency applicator by the Maryland Department of Agriculture. Similarly, a licensed home inspector may not make a certification relating to a rental dwelling’s electrical system, unless the inspector has completed a minimum of eight hours of training in electrical systems certified by the Baltimore City Housing Commissioner. Violations of the bill are subject to existing State civil, but not criminal, penalties.

Real Estate Salespersons and Brokers

Advertisements

A “team” under the Maryland Real Estate Brokers Act means two or more licensed associate real estate brokers, licensed real estate salespersons, or any combination thereof, who (1) work together on a regular basis to provide real estate brokerage services; (2) represent themselves to the public as being part of one entity; and (3) designate themselves by a collective name such as team or group. In 2005, Office of the Attorney General counsel to the State Real Estate Commission issued an Advice of Counsel memorandum recommending that licensees avoid using terms in advertising that could mislead or cause confusion, including use of the term “sales associate.” *House Bill 123 (passed)* expressly authorizes a real estate team to designate themselves by a collective name using the words “and associates.”

Brokerage Relationships, Continuing Education, and Disclosures

Senate Bill 807/House Bill 1228 (both passed) prohibit an individual licensed by the State Real Estate Commission from disclosing confidential information obtained from a prospective

client in anticipation of forming a brokerage relationship, unless the prospective client consents in writing to the disclosure.

Program Evaluation and Extensions (“Sunset Review”)

Approximately 70 regulatory entities and activities are subject to periodic evaluation under the Maryland Program Evaluation Act (MPEA), which establishes a process better known as “sunset review” because most of the entities subject to review are also subject to termination. This session, legislation extended the evaluation and termination dates for a number of regulatory agencies. However, *Senate Bill 640/House Bill 1113 (both passed)* eliminate the required evaluations under MPEA while maintaining the termination dates. Instead, those entities currently subject to MPEA may be evaluated in accordance with a Department of Legislative Services work plan, while responsibility to introduce reauthorizing legislation is placed on the entities. For a more detailed discussion of this issue, see the subpart “General Assembly” within Part C – State Government of this *90 Day Report*.

Recent Evaluations

The Maryland State Police, through its Licensing Division, administers the regulation of security systems agencies and technicians. *Senate Bill 438/House Bill 951 (both passed)* extend the termination date of the licensing and regulation of security systems agencies and technicians to July 1, 2031.

The State Board of Cosmetologists in DLLR issues two full-service licenses (cosmetologist and senior cosmetologist) and four limited licenses (hairstylist, blow-drying, nail technician, and esthetician). A cosmetologist or senior cosmetologist license authorizes the licensee to provide hair, nail, and esthetic services. The other licenses authorize the licensee to provide just that service. *Senate Bill 440/House Bill 952 (both passed)* extend the termination date for the board to July 1, 2024.

The State Board of Barbers in DLLR issues barber and barber-stylist (limited) licenses. The barber license encompasses the full scope of barbering, while the barber-stylist license applies solely to a limited portion of the practice of barbering. *Senate Bill 439/House Bill 953 (both passed)* extend the termination date for the board to July 1, 2024.

The State Athletic Commission in DLLR manages, supervises, and regulates boxing, kickboxing, wrestling, and mixed martial arts. *Senate Bill 347/House Bill 1099 (both passed)* extend the termination date for the commission to July 1, 2031.

Business Regulation

Licensing Procedures

The Veterans Full Employment Act of 2013 facilitated professional licensing for active military personnel, veterans, and their spouses by the State’s major licensing agencies through

expedited licensure. *Senate Bill 852 (passed)* modifies the Act to require the Department of Labor, Licensing, and Regulation (DLLR) to issue an expedited permanent license to an eligible service member, veteran, or military spouse, as defined, within 60 days after receiving a completed application. The bill also expands eligibility for the expedited licensing process by altering the definitions of “veteran” and “military spouse” to remove specified time limitations. DLLR and its occupational and professional licensing units must prominently publish the time period for an expedited license established under the bill on their respective websites, in addition to other related information.

Appraisal Management Companies

Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) is the legal framework controlling national uniform appraisal standards and state appraiser regulatory bodies. The Appraisal Subcommittee was established by FIRREA and is charged with monitoring state appraiser licensing units to ensure that federal financial interests in real estate transactions are protected.

Senate Bill 20 (passed) conforms State law to FIRREA as amended by the Dodd-Frank Act of 2010 by requiring an appraisal management company (AMC) to *always* provide an appraiser with specified notice and an opportunity to respond when the AMC removes an appraiser from its appraiser panel or otherwise refuses to assign the appraiser requests for real estate appraisal services. The bill repeals an exemption that had allowed AMCs to avoid the notice and opportunity to respond to requirements for specified new members of an appraiser panel.

Senate Bill 69 (passed) implements new federal standards for fee collection by state regulatory bodies that elect to register and supervise AMCs. The bill establishes the Appraisal Management Company Annual Federal Registry Fee Fund within DLLR, which acts solely as a pass-through for the collection and transmittal of the federal fee in accordance with federal law.

Household Goods Movers

Senate Bill 712/House Bill 671 (both passed) prohibit a person from providing household goods moving services with a commercial vehicle, as defined under federal law, in the State unless the person is registered with DLLR. “Household goods moving services” means the loading, packing, moving, transporting, storing while in transit, unloading, or otherwise taking possession or control from a consumer of household goods for the purpose of moving them to another location at the direction of the consumer for a fee. It does not include moving household goods for disposal or destruction. The bills do not require the registration of (1) employees of a person required to register under the bill or (2) an employee of a person whose goods are being moved. An applicant must comply with specified application requirements, pay an annual registration fee established by DLLR, and keep a copy of the annual registration in each vehicle used to perform household goods moving services. DLLR must adopt regulations to enforce the bills and may impose a civil penalty of up to \$5,000 for related violations.

Tobacco Products

Minimum Age for Purchase and Sale

House Bill 1169 (passed) makes a number of changes to the regulation of tobacco products in the State. The bill generally raises, from 18 to 21, the minimum age for an individual to purchase or be sold tobacco products. Active duty military members who are at least 18 years old and present valid military identification are not subject to the minimum age requirement. An individual who is under the age of 21 and is acting solely as the agent of an employer that distributes tobacco products or tobacco paraphernalia for commercial purposes is not subject to the distribution limitations in the bill.

In addition, the bill renames and alters “electronic nicotine delivery systems” (ENDS) to be “electronic smoking devices” (ESDs) and alters the definition of “tobacco product” to include ESDs. Under the bill, an “ESD” means a device that can be used to deliver aerosolized or vaporized nicotine to an individual inhaling from the device. “ESD” includes an electronic cigarette, an electronic cigar, an electronic cigarillo, an electronic pipe, an electronic hookah, a vape pen, vaping liquid, and any component, part, or accessory of such a device, regardless of whether the component is sold separately, including any substance intended to be aerosolized or vaporized during the use of the devices.

The bill repeals a provision of criminal law that prohibits a minor from using or possessing a tobacco product, cigarette rolling paper, or an ENDS or from using a false form of identification to obtain a tobacco product, cigarette rolling paper, or an ENDS. The bill specifies that it is a defense that the defendant examined the purchaser’s or recipient’s government-issued identification that positively identified the purchaser or recipient as either at least age 21 or as at least age 18 and an active duty member of the military.

The bill also alters one provision of law relating to vending machine sales and several provisions of law relating to retailers. For vending machine sales, a person is prohibited from selling, dispensing, or offering to sell or dispense a tobacco product through a vending machine unless the vending machine is located in an establishment that individuals younger than age 21 are prohibited by law from entering at any time. For retailers, first, the bill authorizes the Maryland Department of Health (MDH) to conduct unannounced inspections of a licensed cigarette, other tobacco product (OTP), or ESD retailer to ensure the licensee’s compliance with the criminal prohibition against the distribution or sale of tobacco products to underage individuals. MDH may use an individual younger than age 21 to assist in conducting the inspections. Second, the bill requires a cigarette, OTP, or ESD retailer to post a sign in a location that is clearly visible to the consumer that states, in letters that are at least one half-inch high, “No person under the age of 21 may be sold tobacco products without military identification.” Third, the bill specifies that if a person acting on behalf of a retailer violates specified prohibitions against the sale or distribution of tobacco products or ESDs, the retailer must pay the civil penalty.

Alcohol and Tobacco Commission

House Bill 1052 (Ch. 12) establishes the Alcohol and Tobacco Commission (ATC) and transfers staff, powers, and duties related to regulation of alcoholic beverages and tobacco from the Field Enforcement Division in the Comptroller's Office to ATC. The Act takes effect June 1, 2020, and expresses legislative intent that the transfer take effect on or before July 1, 2020. For a more detailed discussion of the issues surrounding the establishment, powers, and duties of ATC, see the subpart "Alcoholic Beverages (Statewide)" in this part of this *90 Day Report*.

Unpackaged Cigarettes in Baltimore City

Senate Bill 310 (passed) prohibits a person licensed to sell cigarettes at retail in Baltimore City from selling an "unpackaged cigarette." An enforcement officer of the Tobacco Use Prevention and Cessation Program in the Baltimore City Health Department is expressly authorized to enter and inspect a licensed premises at a reasonable time to enforce the prohibition. Any violation discovered must be reported to a State's Attorney, but any citation issued by the Comptroller for accepting delivery of unstamped cigarettes precludes a prosecution for the sale of unpackaged cigarettes arising out of the same incident. A person who violates the bill's prohibition is subject to existing penalties that apply statewide for a violation of the cigarette retailer licensing laws.

Trader's Licenses

In a local jurisdiction other than Baltimore City or Baltimore County, an applicant for a trader's license must pay a tiered annual license fee to the clerk of the court ranging from \$15 to \$800, based on the value of the person's stock-in-trade (*i.e.*, inventory). The fee ranges from \$20 to \$2,125 in Baltimore City and from \$20 to \$1,600 in Baltimore County. There are specified exceptions to these general fees. The revenues are generally split between local government (92%) and the State general fund (8%).

Senate Bill 331/House Bill 34 (both passed) authorize the governing body of a county or municipality to select a uniform trader's license fee instead of using the existing tiered license fee. Selecting the uniform trader's license fee is a one-time, irrevocable decision. As opposed to tiered licensing in which most licensing revenue is retained by local governments, all revenue from uniform traders' fees accrues to the State general fund. The uniform fee is \$15, except in Baltimore City and Baltimore County, where the fee is \$20. The bills make other changes related to certification and review of the value of inventory under specified circumstances and make minor changes to the licensure of visually handicapped applicants and Blind Industries and Services of Maryland.

Public Service Companies

Renewable Energy

Maryland’s Renewable Energy Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. Electric companies (utilities) and other electricity suppliers must submit renewable energy credits equal to a percentage specified in statute each year or else pay an Alternative Compliance Payment (ACP) equivalent to their shortfall. The percentage requirements gradually increase to a minimum of 25% from Tier 1 sources, including 2.5% from solar sources, by 2020. Prior to 2019, there was also a Tier 2 in RPS, with a separate annual percentage requirement of 2.5%. In 2019, the requirements for the remaining Tier 1 are 20.4%, including at least 1.95% from solar energy.

Senate Bill 516 (passed) increases the RPS from 25% by 2020 to 50% by 2030. Effective October 1, 2019, the bill reestablishes the expired Tier 2 of the RPS as an additional requirement to include electricity from large hydroelectric sources for two years, in 2019 and 2020. New offshore wind capacity is required beginning with at least 400 megawatts in 2026, increasing to at least a cumulative 800 megawatts in 2028, and to at least a cumulative 1,200 megawatts in 2030, along with goals and reporting requirements for minority business enterprise and minority workforce participation. The carve-out for solar increases to 5.5% in 2019, with further annual increases until the solar carve-out reaches 14.5% in 2028. Electric cooperatives are exempt from any solar carve-out increase beyond 2.5%.

To control ratepayer impacts, the bill reduces Tier 1 ACPs beginning in 2019; by 2029, solar and nonsolar Tier 1 ACPs reach parity. ACP revenue remains dedicated to supporting new renewable energy sources in the State, but under the bill, those new renewable energy sources also must be owned by or must directly benefit low-income residents.

The bill transfers a total of \$15.0 million from the Strategic Energy Investment Fund (SEIF) for various clean energy industry initiatives and includes associated annual reporting requirements. The Maryland Energy Administration (MEA) must use SEIF to provide \$7.0 million in funding for access to capital for small, minority, women-owned, and veteran-owned businesses in the clean energy industry under the Small, Minority, and Women-Owned Businesses Account in the Department of Commerce. The funding must be allocated in annual increments from fiscal 2021 through 2028.

MEA must also use SEIF to invest in pre-apprenticeship, youth apprenticeship, and registered apprenticeship job training programs to establish career paths in the clean energy industry under the Maryland Employment Advancement Right Now (EARN) program in the Department of Labor, Licensing, and Regulation. Starting in fiscal 2021, \$1.5 million must be transferred for grants to pre-apprenticeship job training programs and \$6.5 million must be transferred for grants to youth and registered apprenticeship job training programs until all amounts are spent. The bill establishes a Clean Energy Workforce Account in the EARN program to receive and disburse the transfers as grants.

By January 1, 2020, the Power Plant Research Program (PPRP) within the Department of Natural Resources (DNR) must conduct a study and report on nuclear energy and its role as a renewable or clean energy resource. The bill also modifies an existing study being conducted by PPRP, due December 1, 2019, to include additional topics and requires PPRP to conduct a supplemental study on a 100% RPS goal due by January 1, 2024.

Senate Bill 52 (passed) streamlines MEA’s reporting requirements under the Strategic Energy Investment Program by replacing the existing three-year planning and forecasting cycle and report to the Strategic Energy Investment Advisory Board with a similar forecasting process to be included in MEA’s annual report on SEIF.

House Bill 1246 (passed) expands the existing qualified plug-in electric vehicle excise tax credit by increasing to \$6.0 million the total amount of credits that the Motor Vehicle Administration can award. The bill also extends tax credit eligibility to qualified fuel cell electric vehicles. For a more detailed discussion of *House Bill 1246*, see the subpart “Motor Vehicles” within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Electric Companies

Electric Facilities

As the electric industry modernizes and relies more heavily on renewable and associated emerging technologies, efforts continue both in the General Assembly and at the Public Service Commission (PSC) to ensure that the State’s regulatory frameworks address the new technologies in an appropriate manner.

Energy storage – the capture of energy produced at one time for use at a later time – is a technology that does not fit neatly within Maryland’s deregulated electricity markets and its categories of distribution, transmission, and generation. Chapter 382 of 2017 required PPRP to conduct a study of regulatory reforms and market incentives that would be necessary or beneficial to increase the use of energy storage devices in the State. The final report was submitted to the General Assembly in December 2018. In the meantime, PSC has also been considering pilot projects and revisions to State regulations to address energy storage interconnection challenges and various ownership and cost recovery models under Maryland’s deregulated energy framework.

Reflecting some of the work at PSC and PPRP, *Senate Bill 573/House Bill 650 (both passed)* require PSC to establish an Energy Storage Pilot Program by June 1, 2019. Under the program, each of the State’s four investor-owned electric companies must request proposals for two energy storage projects and apply for PSC approval. The projects must fit within four commercial and regulatory models, which feature varying levels of utility, private sector, and customer involvement. PSC must evaluate the program and submit to the General Assembly an interim report by July 1, 2024, and a final report by December 31, 2026.

Another emerging feature of the electric industry, community solar, allows electric customers to access solar energy without installing it at their residence. Under this construct, a customer can purchase a subscription to a community solar project and receive a proportional

electricity bill credit for energy produced. Chapters 346 and 347 of 2015 required PSC to establish a three-year Community Solar Energy Generating System Pilot Program subject to specified conditions. Regulations to establish the program were adopted in July 2016, and program implementation began in mid-2017. However, according to statute, the pilot program was required to officially begin no later than six months after the regulations were adopted (January 2017) and end after three years (January 2020).

To address the delay in starting the pilot program, *Senate Bill 520/House Bill 683 (both passed)* extend the Community Solar Energy Generating Systems Pilot Program through December 31, 2024. A related reporting requirement for PSC is delayed three years until July 1, 2022. An existing requirement that PSC limit the pilot program in such a way that it may conduct a meaningful study is modified to include annual increasing capacity limits for each program category. The bills also specify that a community solar energy generating system may have an unlimited number of subscribers.

Environmental Surcharge

The Environmental Trust Fund (ETF) was established to fund electric power plant site evaluation and acquisition and research on environmental and land use considerations associated with power plants. ETF's revenue is from an environmental surcharge per kilowatt-hour (kWh) of electric energy distributed in the State, which is paid by electric companies. The amount of the surcharge for each account for each retail electric customer may not exceed the lesser of 0.15 mill per kWh or \$1,000 per month, and the surcharge is due to expire after fiscal 2020.

Revenue generated from the environmental surcharge is deposited in ETF within DNR and used primarily to support PPRP's power plant and transmission line site evaluation activities. Each year, PSC sets the amount of the surcharge based on the legislative appropriation for DNR. In addition to PPRP, ETF funding is also used for administrative costs and other programs within DNR's Resource Assessment Service as well as energy conservation projects under the Chesapeake Conservation Corps Program. MEA may also receive administrative and fiscal support from ETF for studies relating to the conservation or production of electric energy, up to \$250,000 in any fiscal year. *House Bill 106 (passed)* extends the environmental surcharge through fiscal 2030.

Mergers

There are currently four investor-owned electric companies (IOUs) operating in Maryland: Baltimore Gas and Electric Company; Delmarva Power and Light Company (DPL); Potomac Edison Company (PE); and Potomac Electric Power Company (Pepco). With the exception of PE, which is owned by First Energy Corporation, the remaining three IOUs are owned by Exelon Corporation. Exelon acquired the corporate parent of Pepco and DPL, Pepco Holdings, Inc., in 2016. Exelon companies serve about 80% of customer accounts in Maryland. PE serves about 10% of customer accounts. The remaining customers are served by electric cooperatives and municipal electric companies.

House Bill 1105 (passed) prohibits a person from acquiring, directly or indirectly, the power to exercise substantial influence over the policies or actions of an IOU if the person would become an affiliate of *each* IOU in the State as a result of the acquisition. Among other transactions, the bill precludes a merger between First Energy and Exelon, the complete or partial transfer of PE to Exelon, and the complete or partial transfer of all three of Exelon's Maryland IOUs to First Energy.

Utility and Billing Issues

The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service. Issues surrounding energy affordability and the ability of residential ratepayers to benefit from customer choice received increased attention before and during the 2019 session.

Senate Bill 517/House Bill 689 (both passed) require PSC to establish residential customer choice shopping websites for electricity and natural gas, each of which must include related information and links to other resources. PSC must also add further educational information related to electric customer choice on its website. It is the intent of the General Assembly that PSC fully implement the bills, revamp the customer education section on its website, and establish the two residential customer choice shopping websites by October 1, 2020.

In response to concerns about the serious impact of utility service loss on medically vulnerable individuals, a critical medical needs pilot program was implemented in 2015 through a cooperative partnership between relevant entities, including the Office of Home Energy Programs (OHEP) within the Department of Human Services, gas and electric companies, and nonprofit organizations. Since the pilot program started, approximately 200 navigators have been trained to provide assistance to medically vulnerable individuals and their households, and approximately 300 additional individuals have expressed interest in training. However, the pilot program operates only in certain areas of the State. **Senate Bill 425/House Bill 1189 (both passed)** formally establish a statewide Critical Medical Needs Program in OHEP. The program must facilitate assistance to critical medically vulnerable individuals and their households in obtaining financial assistance through navigators who are in personal contact with a critical medically vulnerable individual and assist the individual in the energy assistance application process.

Another bill to provide protections against service terminations under particular circumstances, **Senate Bill 512 (passed)**, establishes safeguards for employees of the federal or State government or a local government involuntarily furloughed from work without pay because of a government shutdown. Among other protections, the bill prohibits a public service company from terminating electric or gas service to an eligible residential customer for nonpayment on a day that a government shutdown is in effect and for seven days after the government shutdown has ended if the customer contacts the public service company before the date of termination to (1) provide verification that the customer is an employee of the federal, State, or local government

affected by the government shutdown and (2) enter into a payment plan to pay any outstanding amount on the customer’s account after the government shutdown ends.

For further discussion of *Senate Bill 512*, see the subpart “Real Property” within Part F – Courts and Civil Proceedings of this *90 Day Report*. For a detailed discussion of unemployment insurance benefits during a federal government shutdown, see the subpart “Unemployment Insurance” within this part of this *90 Day Report*.

Telecommunications

Rural Broadband

The General Assembly has for several years sought to find ways to facilitate the expansion of rural broadband services. The 2019 report of the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service discusses this issue in depth and recommends using existing easements and infrastructure of the State’s electric cooperatives, which have a large geographic footprint in the rural areas of the State, to expand broadband deployment.

Some electric companies have already installed fiber optic cable on their systems to facilitate communications between devices and enhance electric power reliability. This fiber was installed, and will continue to be installed, as part of the modern equipment used in the delivery of electric service. However, current law does not explicitly authorize access to private electric cooperative rights-of-way for broadband or other uses beyond the actual provision of electric service.

Senate Bill 634 (passed) authorizes an electric cooperative to construct, maintain, operate or allow others to construct, maintain, or operate specified facilities that furnish telecommunications services, broadband Internet access, or related services in certain areas, subject to notification requirements. To ensure that electric customers do not subsidize the cost of broadband services, an electric cooperative must properly allocate costs incurred under the bill between electricity-related services and broadband services. The bill must be construed to apply retroactively and must be applied to and interpreted to affect all real property, rights-of-way, and easements held by an electric cooperative on and after the bill’s effective date.

Infrastructure Siting

As demand for high speed Internet access has increased, wireless providers have sought to increase network speed and density through the deployment of small wireless facilities, which include antennas and poles of various sizes and heights. However, this desire and the general lack of a regulatory framework at the State level has in many instances led to conflict between the wireless industry and local governments, including over the use of public rights-of-way and publicly owned property and equipment.

Senate Bill 937/House Bill 654 (both failed) would have established procedures and requirements for the deployment, installation, and regulation of small wireless facilities, with general State preemption over new, inconsistent local laws. Similarly, *Senate Bill 713/House*

Bill 1020 (both failed) would have established procedures and requirements for the permitting, installation, and regulation of wireless facilities but with greater local authority over the permitting and siting processes.

Like small wireless facilities, the market for utility pole attachments in Maryland is not regulated at the State level, and the Federal Communications Commission has the authority to regulate and adopt procedures to resolve complaints concerning the rates, terms, and conditions for pole attachments. **House Bill 474 (failed)** would have authorized PSC to open a proceeding to determine whether to require joint use of poles, conduits, ducts, or rights-of-way and prescribe reasonable compensation and reasonable terms and conditions for their joint use.

9-1-1 Modernization

Senate Bill 339/House Bill 397 (both passed) enhance and alter the regulatory framework that governs the State's 9-1-1 system. Among other changes, the bills expand the responsibilities of the Emergency Number Systems Board, increase the State 9-1-1 fee, authorize a local government to increase its 9-1-1 fee, and apply both fees to each separate outbound call voice channel capacity instead of to each account.

Transportation

Chapter 204 of 2015 established a regulatory framework for transportation network companies (TNCs) such as Uber and Lyft. A transportation network operator (*i.e.*, a hired driver), a TNC on behalf of the transportation network operator, or a combination of both must maintain primary motor vehicle insurance that covers the operator while the operator is providing transportation network services. The required security must be an insurance policy issued by an insurer authorized to do business in the State or an eligible surplus lines insurer. PSC, however, currently authorizes certain other licensed carriers and taxicab companies to maintain insurance for their vehicles through self-insurance. The Motor Vehicle Administration (MVA) selectively certifies entities that submit satisfactory evidence of qualifications commensurate with the minimum liability requirements mandated by the State, any of the State's subdivisions, and, for self-insurers, PSC.

Senate Bill 701/House Bill 1072 (both passed) authorize MVA to accept another form of security, in place of an insurance policy, for vehicles operating for a TNC if (1) the other form of security adequately provides the benefits required under current law and (2) the TNC is an affiliate of a company that provides taxicab services and has between 26 and 300 transportation network operators. A TNC that maintains another form of security in this manner must provide PSC with evidence of the required security.

Insurance (Other Than Health)

Insurers

The National Association of Insurance Commissioners (NAIC) is a national standard-setting and regulatory support organization created and governed by the chief insurance regulators from 50 states, the District of Columbia, and five U.S. territories. NAIC regularly develops model legislation concerning new and existing insurance issues and encourages its member regulators to adopt the legislation. Three NAIC model acts were adopted or updated during the 2019 legislative session.

First, *Senate Bill 523/House Bill 602 (both passed)* adopt NAIC model legislation that authorizes the reserve investments of an insurer, other than a life insurer, to include a fee simple or improved leasehold real estate, or interests in limited partnerships formed for the development or ownership of fee simple or improved leasehold real estate, under specified circumstances.

Second, *Senate Bill 44 (passed)* adopts NAIC model legislation to require each insurer to annually submit to the Insurance Commissioner a Corporate Governance Annual Disclosure (CGAD) beginning in 2020. The CGAD must attest that (1) the insurer has implemented a corporate governance structure, policies, and practices and (2) a copy of the CGAD has been provided to the insurer's board of directors or the appropriate committee of the board. Each disclosure submission is confidential and privileged, is not subject to the Public Information Act or subpoena, and is not subject to discovery or admissible in evidence in any private civil action. The bill specifies penalties for an insurer's failure to submit the disclosure.

Third, *Senate Bill 31 (passed)* adopts NAIC model legislation that authorizes the Maryland Insurance Commissioner to act as the group-wide supervisor for an internationally active insurance group or recognize other group-wide supervisors as appropriate. The bill establishes the regulatory and supervisory powers for a group-wide supervisor, including assessing the enterprise risks within the insurance group to check its financial condition and coordinating and requiring development and implementation of reasonable measures designed to recognize and mitigate financial risks of the insurance group.

Property and Casualty Insurance

Motor Vehicle Insurance

Rental Vehicles: Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. Generally, an owner of a rental vehicle must maintain the minimum security required by law for the vehicle. For a rental other than a replacement vehicle, the insurance that the rental vehicle owner maintains on the rental car is primary to a renter's personal insurance coverage, while the renter's personal insurance coverage is secondary. In practical terms, when a rental vehicle is involved in an accident, the insurance maintained by the rental vehicle owner – the rental company – is what the accident victim seeks to collect from first. *Senate Bill 436/House Bill 1003 (both*

passed) instead allow the owner of a rental vehicle to satisfy the minimum security required by law for the rental vehicle by maintaining the minimum security on the vehicle that is *secondary* to the renter's personal insurance coverage. The bills establish the circumstances under which the rental vehicle owner's insurance must still be primary and various other processes related to rental vehicle insurance claims.

Transportation Network Companies: Transportation network companies (TNCs) such as Lyft and Uber must maintain primary motor vehicle insurance that covers transportation network operators while the operators are providing transportation network services. The Public Service Commission authorizes certain other forms of for-hire drivers such as taxicab companies and sedan services to maintain security through self-insurance. *Senate Bill 701/House Bill 1072 (both passed)* authorize certain TNCs affiliated with taxicab companies to self-insure. For a more detailed discussion of this topic, see the subpart "Public Service Companies" within this part of this *90 Day Report*.

Maryland Automobile Insurance Fund: The Maryland Automobile Insurance Fund (MAIF) provides automobile liability insurance to residents of the State who are unable to obtain policies in the private insurance market. Private passenger automobile insurers and commercial insurers in the State are required to send notice to policyholders for a variety of reasons. *House Bill 379 (passed)* requires MAIF to send an expiration notice to a commercial policyholder at least 45 days before the policy expires.

Homeowner's Insurance

Marital status is one of many factors that an insurer may choose to include in the factors used in its underwriting model for homeowner's insurance. Insurance law does not explicitly prohibit or authorize an insurer from using an applicant's or insured's marital status when underwriting and rating a homeowner's insurance policy. *Senate Bill 607/House Bill 191 (both passed)* prohibit an insurer from increasing the homeowner's insurance premium from an insured who becomes a surviving spouse based solely on the insured's change in marital status.

Life Insurance

Policies on the Life of a Minor

Chapters 430 and 431 of 2018 established additional obligations and requirements for life insurers when they consider, underwrite, and issue a life insurance policy on the life of a minor. Among other things, an application for or endorsement to such a policy must include a specified message warning that a beneficiary involved in the killing of the insured is not entitled to benefits under the policy. The statement must be included on the first page of the application for or on an endorsement to a policy. *Senate Bill 185/House Bill 193 (both passed)* allow this statement to be on a separate disclosure provided to an applicant at the time of application.

Organ Donation

Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk unless the insurer is applying standards that are reasonably related to the insurer's economic and business purposes. Under *Senate Bill 705/House Bill 1284 (both passed)*, a life, disability, or long-term care insurer may not, based solely on an applicant or individual's status as an organ donor, (1) cancel, refuse to underwrite or renew, or refuse to issue an insurance policy; (2) refuse to pay a claim, cancel, or otherwise terminate an insurance policy; (3) increase premium rates; or (4) add a surcharge, applying a rating factor, or use any other underwriting practice that adversely takes the information into account. An applicant or individual who is an organ donor is subject to the same standards as any other individual with respect to all other medical conditions. An insurer may not prohibit organ donation as a condition of insurance.

The bills also require an employer to provide organ donation leave. For a more detailed discussion of this issue, see the subpart "Labor and Industry" within this part of this *90 Day Report*.

Third-party Administrators

The regulatory authority of the Maryland Insurance Administration (MIA) over third-party administrators (TPAs) does not extend to TPAs for life insurance, even though TPAs may engage in activities that involve fiduciary responsibilities and other actions that affect the relationship between a life insurer and its policyholders. *Senate Bill 22 (passed)* expands the regulatory authority of MIA over TPAs to include TPAs for life insurance and makes a series of conforming changes. A TPA must register with the Insurance Commissioner and maintain a specified bond. The bill also subjects TPAs for life insurance to the same prohibitions that apply to other TPAs.

Long-term Care Insurance

Long-term care hearing and rate information is routinely posted on the MIA website by company and policy form number. Many long-term care insurance policyholders may not know their policy form number as it is typically provided only on the original policy. *Senate Bill 415/House Bill 1388 (both passed)* require each carrier of long-term care insurance to provide each insured an annual notice, in writing or electronically, containing the insured's policy form number and the carrier's customer service telephone number. The policy form number is needed for a consumer to determine if the policy is the subject of a rate increase hearing before MIA.

Security Breaches

Currently, in the case of a security breach, an insurer is required to notify only the Office of the Attorney General and not MIA. *Senate Bill 30 (passed)* defines "carrier" to mean an insurer, any of several health care organizations, a managed general agent, and a third-party administrator. The bill requires a carrier to notify the Insurance Commissioner that a breach of a security system has occurred if the carrier conducts an investigation and determines that the breach creates a likelihood that personal information has been or will be misused. The bill requires the notice to be

provided in a form and in a manner approved by the Insurance Commissioner and at the same time the carrier provides notices, as required under current law, to the Office of the Attorney General. Compliance with the bill does not relieve a carrier from a duty to comply with other requirements of State or federal law related to the protection and privacy of “personal information.”

Insurance Professional Continuing Education

To act as either an insurance producer or a public adjuster in the State, a person must generally obtain a license from MIA. In order to obtain a license of either type, a person must meet specified requirements. Both types of licenses must be renewed every two years. To qualify for license renewal, a licensee must have participated in continuing education during the license period. Generally, both types of insurance professionals must receive at least 24 hours of continuing education during the license period, with 3 of those hours being related to ethics.

Senate Bill 29 (passed) requires an insurance producer or public adjuster licensed by MIA to complete the continuing education required for license renewal no later than (1) 15 days before the license’s expiration date for an insurance producer and (2) 30 days before the license’s expiration date for a public adjuster. The bill also requires the regulations adopted by MIA to require providers of continuing education to submit evidence of course completion to the Insurance Commissioner within 10 days after completing a course of continuing education. Additionally, MIA must study and report on the adequacy and effectiveness of course offerings for insurance producer continuing education in the State.

Horse Racing and Gaming

Horse Racing

Racetrack Facility Renewal Account

Except for the video lottery facility in Allegany County, 1% of video lottery terminal (VLT) proceeds from each video lottery facility is distributed to the Racetrack Facility Renewal Account (RFRA), which is under the authority of the Maryland Racing Commission. *Senate Bill 883/House Bill 990 (both failed)* and *Senate Bill 878/House Bill 1070 (both failed)* would have added the Bowie Race Course Training Center to the list of thoroughbred racetrack facilities that are eligible to receive a distribution of revenues from RFRA. In addition, *Senate Bill 883/House Bill 990* would have altered the distribution of revenues from RFRA to allow the Maryland Economic Development Corporation (MEDCO) to receive up to 80% of RFRA funds that are otherwise available to thoroughbred racetracks so that MEDCO could issue bonds to pay for specified capital improvement projects at Laurel Park and the Bowie Race Course Training Center. *Senate Bill 673/House Bill 643 (both failed)* would have altered the distribution of revenues from RFRA so that the racecourse at Timonium received a portion of the funds.

Fair Hill

Senate Bill 132/House Bill 80 (both passed) repeal a requirement that the Cecil County Breeders' Fair, Inc. allocate all profits earned from racing at Fair Hill, including money from pari-mutuel betting, admission charges, and other receipts, to the Union Hospital of Cecil County. According to the Maryland Racing Commission, revenues generated, after expenses, from the races at Fair Hill in recent years have been insufficient to result in any profits being distributed to the hospital.

Video Lottery Facilities

Video Lottery Proceeds

Chapter 1 of the second special session of 2012 authorized the State Lottery and Gaming Control Commission (SLGCC) to increase the share of VLT revenues for a licensee in Anne Arundel County by up to two percentage points, for a licensee in Baltimore City by up to three percentage points, and for a licensee in Cecil County by up to five percentage points. In December 2018, SLGCC proposed increasing, as of July 1, 2019, the licensee share for the three casinos by the maximum percentage points permitted for each location. *House Bill 1407 (Ch. 16)*, the Budget Reconciliation and Financing Act of 2019 (BRFA), repeals the authority of SLGCC to increase the distribution of VLT proceeds to the three licensees.

In addition, the provision in the BRFA of 2019 requires that, from the VLT revenues dedicated to local impact grants, \$120,000 be distributed annually to the Town of Forest Heights in Prince George's County.

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 and 2018, is scheduled to terminate July 1, 2019. *Senate Bill 421/House Bill 685 (both passed)* extend by one year the requirement that a video lottery facility licensee be subject to the minority business enterprise (MBE) participation goal set in State law and any other corresponding MBE provisions. The bills also extend by one year, to December 13, 2019, the deadline for the Maryland Department of Transportation to conduct a study of the MBE requirement's compliance with federal law.

Criminal Law

Gambling Offenses

Senate Bill 842/House Bill 113 (both passed) decriminalize and alter penalties for specified betting, wagering, and gambling offenses. For a more detailed discussion of these bills, see the subpart "Criminal Law" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Bingo

House Bill 1135 (passed) and *House Bill 564 (passed)* authorize individuals in Carroll County and Montgomery County, respectively, to conduct and participate in a bingo game involving wagering if the game is conducted not more than once a week in a common area of a residential property restricted to residents who are at least 55 years old. The bills authorize these games subject to certain restrictions.

Local Gaming

Senate Bill 258/House Bill 575 (both passed) repeal the prohibition in Carroll County against issuing a permit to conduct a carnival, bazaar, raffle, or other game of entertainment after 1:00 a.m. on Sunday.

Economic Development

Opportunity Zones

The Federal Tax Cuts and Jobs Act of 2017 established the Qualified Opportunity Zones Program to incentivize private investment in distressed communities. Under the Act, states may nominate up to 25% of specified low-income census tracts for designation by the U.S. Treasury as opportunity zones. The program offers federal tax incentives related to capital gains for persons who make qualifying investments within these designated opportunity zones.

Senate Bill 581 (passed) provides a number of incentives for businesses in opportunity zones, including the Opportunity Zone Enhancement Program, to be administered by the Department of Commerce. Under the program, certain businesses within an opportunity zone may qualify for enhanced incentives under the following tax credit programs: (1) job creation; (2) One Maryland; (3) enterprise zone; (4) biotechnology investment incentive; (5) cybersecurity investment incentive; and (6) More Jobs for Marylanders. The bill also extends the More Jobs for Marylanders program by two years and expands the program's geographic and business eligibility criteria. Additionally, the bill extends the geographic eligibility for a number of other State economic development/tax credit and financing programs available for priority funding areas and/or sustainable communities to include opportunity zones in Allegany, Garrett, Somerset, and Wicomico counties.

For a further discussion of *Senate Bill 581*, including the net effect on State finances, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Department of Commerce

Small, Minority, and Women-Owned Businesses Account

The purpose of the Small, Minority, and Women-Owned Businesses Account (SMWOBA), administered by the Department of Commerce, is to provide investment capital and

loans to small, minority, and women-owned businesses, primarily in the jurisdictions and communities surrounding a video lottery facility. Grants are provided to eligible fund managers, who then provide funds to specific businesses. Chapters 127 and 128 of 2008 established the Strategic Energy Investment Fund to receive and distribute revenues from Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions. *Senate Bill 516 (passed)* requires, among other provisions, that the Maryland Energy Administration distribute a total of \$7.0 million from the Strategic Energy Investment Fund for access to capital for small, minority, women, and veteran-owned businesses in the clean energy industry under SMWOBA, subject to specified conditions. The funding must be allocated in annual increments from fiscal 2021 through 2028, as specified in the bill.

For a further discussion of *Senate Bill 516*, see the subpart “Public Service Companies” within this part of this *90 Day Report*.

Small Business Innovation Research and Technology Transfer Program Study

The U.S. Small Business Administration Office of Technology administers the Small Business Innovation Research and Technology Transfer (SBIR/STTR) Programs, which are competitive federal grant programs for small high-tech innovative businesses. The programs support a significant portion of the federal government’s research and development efforts; however, many recipients are small businesses that encounter difficulties in receiving follow-on funding that would assist in commercialization. *Senate Bill 574 (passed)* requires the Department of Commerce to explore ways to (1) foster job creation and economic development in the State by capitalizing on the federal presence in the State; (2) encourage the transfer of technology from small businesses; (3) facilitate the transfer of technology from small businesses; and (4) encourage small businesses to apply for federal SBIR/STTR grants. The bill also requires the Department of Commerce to study the laws and regulations of other states governing financial assistance programs for recipients of SBIR/STTR grants and make recommendations regarding financing options for recipients of such grants. The Department of Commerce must submit its findings and recommendations to the General Assembly by December 31, 2019.

Maryland Technology Development Corporation

The Maryland Technology Development Corporation (TEDCO) is an independent entity established by the General Assembly to facilitate the creation of technology companies and encourage collaboration between these emerging businesses and federal and State research laboratories. In February 2019, a fiscal compliance audit conducted by the Office of Legislative Audits contained three findings related to TEDCO’s management of the Enterprise Fund/Maryland Venture Fund, Maryland Venture Fund Authority, and the InvestMaryland program, including private venture funds that received money under the program.

Senate Bill 340/House Bill 543 (both passed) make several changes to the eligibility criteria for investments made by TEDCO, primarily to address the findings of the February 2019 fiscal compliance audit. The bills alter and establish eligibility criteria for TEDCO investments to generally require that a business have and subsequently maintain a presence in the State. Further,

the bills expand the purposes of TEDCO to focus on Maryland-based companies and to foster inclusive and diverse entrepreneurship and innovation throughout the State. The bills also require TEDCO to adopt regulations establishing an investment committee and authorize the TEDCO board to appoint an advisory committee, subject to specified requirements. The Maryland Venture Fund Authority must meet at least quarterly to review TEDCO's investment policy and investment decisions for the InvestMaryland program.

Distressed County Definitions

Chapter 584 of 2018 replaced the term “qualified distressed county” with “Tier I County” for the purposes of the One Maryland Program and changed the income criteria from per capita income to median household income. Although the term was used widely across several programs, it was not directly replaced in the Act. Instead, uncodified language directed the publisher of the Maryland Annotated Code, in consultation with and subject to the approval of the Department of Legislative Services, to correct cross references and terminology rendered incorrect by the Act. Some references were subsequently changed, while others were not.

The Senior Citizen Activities Center Operating Fund, which is administered by the Department of Aging, supports activities to keep individuals healthy through services provided at senior centers. The Governor must appropriate at least \$750,000 annually to the fund, plus an additional amount necessary to guarantee a minimum of \$5,000 per county. A portion of the funding formula requires \$250,000 to be distributed to distressed counties.

In addition to conforming those references previously assumed to have been changed by Chapter 584, *Senate Bill 11 (passed)* changes the definition of “distressed county” for purposes of the Senior Citizen Activities Center Operating Fund by explicitly adding Baltimore City, rather than solely relying on existing income and unemployment criteria. The bill ensures that Baltimore City remains eligible for a portion of distressed county funding in perpetuity.

Regional and Local Economic Development

Baltimore Symphony Orchestra

The Baltimore Symphony Orchestra (BSO) has experienced years of financial difficulties, and, in February 2019, the Baltimore City Council passed a resolution that called on the State to step in and help. *House Bill 1404 (passed)* requires the Governor to include \$1.6 million in the State budget for BSO in fiscal 2020 and 2021. The bill also establishes a related workgroup, staffed by the Department of Commerce, which must examine the structural efficiencies of BSO, including health care costs and facility usage, and make recommendations regarding cost containment strategies and audience development. The workgroup must report its recommendations in a consolidated financial report by October 1, 2019. The fiscal 2020 budget restricts \$1.6 million in general funds for this purpose, not contingent on enactment of this bill; however, the Governor must still approve that expenditure.

Baltimore Convention Center

The Baltimore Convention Center (BCC) opened in 1979, and an expansion was completed in 1997. The State contributed to the initial project by issuing \$35.0 million in general obligation bonds and to the expansion by issuing \$101.0 million in general obligation bonds and Maryland Stadium Authority (MSA) bonds. Baltimore City agreed to provide \$15.0 million for the initial construction and \$50.0 million for the renovation. Under its existing statutory authority as part of that agreement, MSA is authorized to have up to \$55.0 million in outstanding bonds related to BCC. The original bonds were retired in fiscal 2015, leaving \$55.0 million in available debt capacity. In November 2016, MSA approved a request from the Mayor of Baltimore to conduct various program and construction-related analyses of a proposed BCC expansion; the report recommended expanding and renovating BCC and building a new hotel. A subsequent study outlining preliminary design, cost estimates, and financing models is anticipated in spring 2019.

House Bill 801 (passed) requires MSA and Baltimore City to promptly enter into a written agreement to begin planning and design of the expansion or renovation of BCC in fiscal 2020. The agreement must include a provision allocating two-thirds of the planning and design cost to MSA and the remaining one-third of the cost to Baltimore City. Total planning and design costs for the renovation/expansion of BCC are estimated to be \$50.0 million.

Ocean City Convention Center

The Ocean City Convention Center (OCCC) provides approximately 60,000 square feet of exhibit space, 19,000 square feet of ballroom space, and 23 meeting rooms. However, inquiries from groups interested in using OCCC indicate that the available space is inadequate – specifically there is not enough exhibit space. Consequently, in 2016, at the request of Ocean City, MSA procured a feasibility analysis to examine the market and economic impact of expanding the existing facility with an additional 30,000 square feet of exhibit space. Plans for a \$34.0 million, 30,000 square foot OCCC expansion and improvement project were approved by the Mayor and City Council of Ocean City in November 2016.

Senate Bill 177/House Bill 178 (both passed) authorize MSA to issue up to \$24.5 million in bonds and structure financing terms for a renovation/expansion of OCCC and make related changes. Ocean City's required contribution is \$15.0 million; most of the city's bonds have already been issued.

Camden Yards

The current lease terms for the Orioles and the Ravens at Camden Yards expire after the next three and nine seasons, respectively. *House Bill 1425 (passed)* authorizes MSA to prepare studies that relate to the development of supplemental facilities that directly or indirectly benefit the sports facilities at Camden Yards. The bill also authorizes MSA to issue up to \$25.0 million in bonds to finance site acquisition for and construction of any portion of a supplemental facility to facilitate the State, local, or private development of the area around Camden Yards.

Maryland Heritage Areas Authority

The Maryland Heritage Areas Authority (MHAA), along with the Maryland Historical Trust, implements the Maryland Heritage Program. There are currently 13 designated heritage areas across the State, which, pursuant to statute, are intended to reflect the cultural themes of the State's development. *Senate Bill 51 (passed)* repeals the limitation that, except under certain circumstances, restricts MHAA to making acquisition and development grants only (1) for projects in a "target investment zone" within a certified heritage area and (2) for a period of up to 10 years after the day on which the authority first approves funding for acquisition and development grants in the target investment zone or a portion of the zone added through an approved boundary amendment. The bill provides MHAA with greater flexibility in making acquisition and development grants.

Housing and Community Development

Opportunity Zones

The Federal Tax Cuts and Jobs Act of 2017 established the Qualified Opportunity Zones Program to incentivize private investment in distressed communities. Under the Act, states may nominate up to 25% of specified low-income census tracts for designation by the U.S. Treasury as opportunity zones. The program offers federal tax incentives related to capital gains for persons who make qualifying investments within these designated opportunity zones.

Senate Bill 581 (passed) provides a number of incentives for businesses in opportunity zones. Among other changes, the bill extends the geographic eligibility for several State economic development, tax credit, and financing programs available for priority funding areas or sustainable communities to include opportunity zones in Allegany, Garrett, Somerset, and Wicomico counties. These changes impact several economic development programs administered by the Department of Housing and Community Development (DHCD), including the Community Legacy Program, Neighborhood Business Development Program, and Strategic Demolition and Smart Growth Impact Fund. The bill also creates a State income tax credit for qualified workforce housing projects located within opportunity zones.

For a further discussion of *Senate Bill 581*, including the net effect on State finances, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Community Development and Revitalization

National Capital Strategic Economic Development Program – Establishment

Chapter 523 of 2017 established the National Capital Strategic Economic Development Fund within DHCD to provide grants to assist in predevelopment activities for revitalization in areas designated as sustainable communities in the national capital region. *House Bill 1266 (passed)* expands on this fund by establishing the National Capital Strategic Economic Development Program within DHCD to provide financial assistance to specified government

agencies (including a housing authority), entities controlled by housing authorities, and community development organizations for community enhancement projects in the national capital region, as defined. The program’s purpose is to (1) provide strategic investment in local housing and businesses to encourage healthy, sustainable communities with a growing tax base and enhanced quality of life and (2) focus on areas where modest investment and coordinated strategies will have an appreciable neighborhood revitalization impact.

The Governor must, for fiscal 2021 through 2025, appropriate to the National Capital Strategic Economic Development Fund (1) \$200,000 in the annual operating budget and (2) \$7.0 million in the annual operating or capital budget. The fiscal 2020 capital budget, as passed by the General Assembly, includes \$4.0 million in general obligation bond funding for the fund.

Community Safety and Strengthening Act – Mandated Appropriations

Chapter 31 of 2016 established the Seed Community Development Anchor Institution Fund within DHCD to provide grants and loans to “anchor institutions” for community development projects in “blighted areas” of the State. An “anchor institution” is defined as (1) an institution of higher education in the State or (2) a hospital institution in the State. *Senate Bill 793 (passed)*, among other actions, increases and makes permanent an existing mandated appropriation for the fund. Specifically, for fiscal 2021 and each fiscal year thereafter, the Governor must include in the annual operating budget or the capital budget an appropriation of \$10.0 million for the fund. For further discussions of *Senate Bill 793*, see the subparts “Higher Education” within Part L – Education and “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Programs and Policies to Reduce Homelessness

Local Housing Grant Program for Homeless Veterans and Survivors of Domestic Violence

The majority of State-funded homeless service grants are managed by DHCD. The department’s Office of Community Programs oversees 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 810/House Bill 672 (both passed) establish the Local Housing Grant Program for Homeless Veterans and Survivors of Domestic Violence to provide grants to counties for housing vouchers to be given to homeless veterans and survivors of domestic violence. DHCD must administer the program, establish procedures for receiving and evaluating grant applications, and adopt implementing regulations. DHCD may establish application preferences for counties that (1) provide an additional 25% of county dedicated funding or voucher matching; (2) enact ordinances prohibiting discrimination in housing on the basis of an individual’s source of income; or (3) adopt a “Housing First” policy, as defined by DHCD.

Workgroup to Study Shelter and Supportive Services for Unaccompanied Homeless Minors

The Joint Committee on Ending Homelessness ensures that public resources, programs, and policies are coordinated and effective in preventing, mitigating the effects of, and ending homelessness in the State. Among its responsibilities, the joint committee studies issues relating to homelessness and identifies new laws, regulations, programs, services, and needed budgetary priorities to reduce homelessness in the State. *House Bill 911 (passed)* establishes a Workgroup to Study Shelter and Supportive Services for Unaccompanied Homeless Minors. The joint committee must provide staff for the workgroup, which must (1) compile existing information on, identify, and study the unique needs of unaccompanied homeless minors, and identify the public- and private-sector programs and resources available to meet those needs; (2) identify gaps in public- and private-sector programs and resources available to meet the needs of unaccompanied homeless minors; and (3) identify barriers to access to safe shelter for unaccompanied homeless minors, and compile information on and study shelter practices in other states. The workgroup must also make related recommendations in its report due to the Governor and the General Assembly by December 1, 2019.

Local Housing Authorities

Howard County

Property that is used for essential public or governmental purposes 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 subsidiaries of a Baltimore Housing Authority entity or a Montgomery County Housing Authority entity. *House Bill 1306 (passed)* extends this real property tax exemption in a similar manner to an entity that is controlled or wholly owned by the Howard County Housing Commission or one of its subsidiaries if the entity enters into a payment-in-lieu of taxes agreement with the county and meets other specified requirements.

Montgomery County

Exclusive Representative Costs and Fees: The exclusive employee bargaining representative for the Housing Opportunities Commission of Montgomery County (HOC) represents all employees in the bargaining unit regardless of whether they pay membership dues or fees. The exclusive representative's actions toward members and nonmembers may not be arbitrary, discriminatory, or in bad faith. *House Bill 302 (passed)* authorizes the exclusive employee bargaining representative for HOC to require a nonmember employee to pay specified costs and fees associated with filing a grievance or arbitrating a matter that arises under a collective bargaining agreement brought by the representative on behalf of the nonmember employee.

Authority of Inspector General: The Montgomery County Office of the Inspector General was established in 1997 to combat fraud while enhancing productivity and efficiency of programs within the county government and its independent agencies. While the county code already gives

the inspector general oversight authority over HOC, State authorization is believed to be required to enforce that provision because HOC was established under State law rather than local law. *House Bill 344 (passed)* authorizes the Montgomery County Council, by local law, to grant the Inspector General of Montgomery County the same authority over HOC that the inspector general has over a department of the county government.

Workers' Compensation

Benefits

Occupational Disease Presumption Benefits

Workers' compensation law establishes a presumption of compensable occupational disease for certain public employees who are exposed to unusual hazards in the course of their employment. It is assumed that these injuries or diseases are due to the employee's work and, therefore, no additional evidence is required in the filing of a claim for workers' compensation.

House Bill 595 (passed) establishes additional occupational disease presumptions for specified public safety employees who contract bladder cancer or kidney or renal cell cancer that is caused by contact with a toxic substance encountered in the line of duty. These additional occupational disease presumptions apply only to (1) volunteer and paid firefighters; (2) volunteer and paid firefighting instructors; (3) volunteer and paid rescue squad members; (4) volunteer and paid advanced life support unit members; and (5) fire marshals employed by an airport authority, a county, a fire control district, a municipality, or the State. Further, the presumptions only apply when the covered employee or volunteer meets the same eligibility criteria established for the existing cancer or leukemia occupational disease presumption.

Senate Bill 646/House Bill 604 (both passed) alter the eligibility criteria for a firefighter, firefighting instructor, rescue squad member, advanced life support unit member, or sworn member of the Office of the State Fire Marshal to qualify for a cancer or leukemia occupational disease presumption under workers' compensation law. The bills extend the presumption to eligible workers who have completed 10 years of cumulative service within the State, rather than in the department where the individual currently is employed or serves. In addition, the bills repeal the requirement that an individual be unable to perform their normal duties because of cancer or leukemia and instead require that the individual's cancer or leukemia result in partial or total disability or death. The bills apply prospectively and may not be interpreted to have any effect on or application to any claim filed before October 1, 2019.

Enhanced Permanent Partial Disability 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. Deputy sheriffs and correctional officers from certain local jurisdictions are included within the definition of "public safety employee" for this purpose.

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. 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 249 weeks (two-thirds of the employee's average weekly wage, not to exceed one-third of the State average weekly wage). *House Bill 795 (passed)* alters the definition of "public safety employee" to include Baltimore City deputy sheriffs, thereby making these deputy sheriffs eligible for enhanced workers' compensation benefits for permanent partial disabilities. The bill applies only prospectively and does not apply to claims arising before October 1, 2019.

Uninsured Employers' Fund

If an injured employee who should be receiving workers' compensation benefits is not properly compensated by his or her employer or the employer's insurer (which may happen because the employer has not purchased workers' compensation insurance or becomes insolvent), then the Uninsured Employers' Fund directly pays the claimant's compensation benefits and medical expenses. The fund is special funded, and its revenues are generally derived from an assessment on awards against employers or insurers for permanent disability or death and settlement agreements. The fund also collects penalties from sanctions on uninsured employers and revenues from the recovery of benefits paid out for uninsured claims. As indicated in the fiscal 2020 operating budget analysis for the fund, the Department of Legislative Services has projected that the fund will likely become insolvent in fiscal 2021.

Senate Bill 62 (passed) requires the Director of the Uninsured Employers' Fund to report, on or before October 1, 2019, to the Senate Finance Committee, the House Economic Matters Committee, and the Joint Committee on Workers' Compensation Benefit and Insurance Oversight on the solvency of the fund and whether the General Assembly should adjust or provide authority to adjust the assessment that supports the fund. The report must include specified information about (1) the solvency of the fund, including a review of solvency from October 1, 2012, through August 31, 2019; (2) payments for compensation made from the fund from September 1, 2017, through August 31, 2019; and (3) the fund's prospective liabilities, including a discussion of Bethlehem Steel Corporation hearing loss claims for compensation.

Unemployment Insurance

Unemployment insurance (UI) provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. An individual performing services for a business in return for compensation in the form of wages is likely covered for UI purposes. Unemployment benefits are funded through Maryland employers' State UI taxes. All private business employers and nonprofit employers employing one or more persons, at any time, are subject to the Maryland UI Law. An employer's tax rate is based on the employer's unemployment history and ranges within a certain percentage of the total taxable wages of the employer's employees. The taxes are deposited in the

Unemployment Insurance Trust Fund and can be used only to pay benefits to eligible unemployed individuals.

Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the UI system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Civilian Federal Employee Eligibility for Benefits

Funding for several federal departments and agencies lapsed on December 21, 2018, and was not restored until January 25, 2019, comprising the longest partial government shutdown in U.S. history. Subsequent action extended funding beyond the initial February 15 cut-off and kept the government open. In response, the Maryland General Assembly passed emergency legislation to provide wage replacement to workers who were ineligible for UI benefits during the shutdown.

Senate Bill 391/House Bill 336 (Chs. 1 and 2) provide civilian federal employees who are required to report to work at a work site located in the State and are not being paid because the federal government is in a full or partial shutdown due to a lapse in appropriations access to either UI benefits or a no-interest loan. The Acts make the eligibility for UI benefits contingent on the U.S. Department of Labor determining that paying for the benefits from the UI Trust Fund with federal reimbursement for the administration and payment of claims conforms to federal program requirements and does not present a risk of decertification of the Maryland UI program. On March 27, 2019, within 24 hours of enactment, the Department of Labor, Licensing, and Regulation (DLLR) requested the determination from the U.S. Department of Labor, as required under the Acts. On April 9, 2019, the Department of Legislative Services received a letter forwarded by DLLR from the U.S. Department of Labor indicating that paying benefits in the specified manner does not conform or would risk decertification. Accordingly, effective on April 9, the Acts establish the Federal Government Shutdown Employee Assistance Loan Fund under the administration of DLLR to provide no-interest loans to those civilian federal employees in the event of a future shutdown.

If there is a change in federal law or federal guidance on or before January 1, 2024, the Acts require DLLR to request a subsequent determination on whether the extension of UI benefits to those civilian federal employees conforms to the federal program requirements and does not present a risk of decertification of the Maryland UI program. If at that point the extension of UI benefits is determined to conform, then the eligibility for UI benefits for those civilian federal workers goes into effect.

Labor and Industry

Payment of Wages

Minimum Wage

The Maryland Wage and Hour Law is the State complement to the federal Fair Labor Standards Act, which specifies minimum wage and overtime requirements for employers and employees in the State. *Senate Bill 280/House Bill 166 (Chs. 10 and 11)* increase the State minimum wage rate for employers with 15 or more employees in six increments until the full phase-in of \$15.00 per hour on January 1, 2025. For employers with 14 or fewer employees, the wage rate reaches full phase-in after eight increments on July 1, 2026. The Board of Public Works (BPW), however, may temporarily suspend one scheduled increase in the State minimum wage for one year between October 1, 2020, and October 1, 2024, if it determines that the seasonally adjusted total employment is negative as compared with the previous six-month period. If total adjusted employment is negative, BPW may also consider the recent performance of State revenues in making its determination. The Acts specify that, unless the federal minimum wage is set at a higher rate, the State minimum wage for employers with 15 or more employees is as follows:

- \$11.00 per hour as of January 1, 2020;
- \$11.75 per hour as of January 1, 2021;
- \$12.50 per hour as of January 1, 2022;
- \$13.25 per hour as of January 1, 2023;
- \$14.00 per hour as of January 1, 2024; and
- \$15.00 per hour as of January 1, 2025.

The State minimum wage for an employer that employs 14 or fewer employees) is as follows:

- \$11.00 per hour as of January 1, 2020;
- \$11.60 per hour as of January 1, 2021;
- \$12.20 per hour as of January 1, 2022;
- \$12.80 per hour as of January 1, 2023;
- \$13.40 per hour as of January 1, 2024;

- \$14.00 per hour as of January 1, 2025;
- \$14.60 per hour as of January 1, 2026; and
- \$15.00 per hour as of July 1, 2026.

An employer may no longer pay a training wage of 85% of the State minimum wage rate to employees under the age of 20 for the first six months of employment, or to employees who work for seasonal amusement, recreational, or swimming pool establishments. Instead, an employer may pay 85% of the State minimum wage rate to employees under the age of 18.

The Acts further require the Governor’s proposed budget to include rate increases for several types of health care providers over the funding provided in the prior year’s legislative appropriation. If the board temporarily suspends the next scheduled minimum wage increase, the provider reimbursement rate increases do not go into effect the following fiscal year. For fiscal 2021 through 2026, the Governor’s proposed budget for the Developmental Disabilities Administration must include an annual 4.0% rate increase for community service providers over the funding provided in the prior year’s legislative appropriation. Likewise, the Governor’s proposed budget for fiscal 2021 through 2026 must include a 4.0% rate increase over the funding provided in the prior year’s legislative appropriation for provider reimbursement in Medicaid and the Maryland Children’s Health Program for the following services: nursing home services, medical day care services, private duty nursing services, personal care services, home- and community-based services, and services provided through the Community First Choice program. The Governor’s proposed budget for behavioral health reimbursement (including for Medicaid recipients) for fiscal 2021 through 2026 must include an annual specified rate increase (in the range of 3.0% to 4.0%, depending on the year) for community service providers over the funding provided in the prior year’s legislative appropriation. State expenditures (55% general funds, 45% federal funds) increase by \$178.8 million in fiscal 2021, increasing to \$712.2 million in fiscal 2024 due to the cumulative impact of rate increases for health care providers. Federal revenues also increase for the federal share of Medicaid expenditures.

The Acts also require the Commissioner of Labor and Industry to adopt regulations regarding the development of wage statements for tipped employees.

Prevailing Wage

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage determined by the commissioner. *Senate Bill 300 (Ch. 9)* authorizes an employee under a public work contract who is paid less than the appropriate prevailing wage rate to sue 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 bringing 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.

Hiring and Employment Practices

Inquiries into Criminal Records

Senate Bill 839/House Bill 994 (both passed) prohibit an employer with 15 or more full-time employees from, before the first in-person interview, requiring the applicant to disclose whether the applicant has a criminal record or has had criminal accusations brought against the applicant. The prohibition does not apply to an employer that is expressly authorized to do so by another applicable federal or State law or if the employer provides programs, services, or direct care to minors or to vulnerable adults. The bills may not be construed to preempt a local jurisdiction's authority to enact or enforce a more restrictive criminal record screening law, and employers may not retaliate against an applicant or employee who claims a violation. For a first violation, the commissioner must issue an order compelling compliance; for subsequent violations, the commissioner may assess a civil penalty of up to \$300 for each violation, considering various factors in determining the amount of the civil penalty.

Organ Donation Leave

Senate Bill 705/House Bill 1284 (both passed) entitle an eligible employee to unpaid organ donation leave for up to 60 business days in any 12-month period to serve as an organ donor, and up to 30 business days in any 12-month period to donate bone marrow. The leave requirement only applies to employers with at least 15 employees, and the commissioner must enforce the organ donation leave provisions. Among other insurance requirements, the bills prohibit a life, disability, or long-term care insurer from taking specified actions based solely on an applicant or individual's status as an organ donor, such as canceling or refusing to issue a policy.

The bills contain specified scope provisions with respect to collective bargaining agreements, as well as provisions on job protection, restoration, enforcement, and remedies. The commissioner must adopt regulations and investigate possible violations upon receiving a written complaint from an employee. An employer may not (1) violate any provisions of the organ donation leave program; (2) hinder, delay, or otherwise interfere with the enforcement of the program; or (3) discharge or otherwise discriminate against an employee for taking specified actions.

Noncompete and Conflict of Interest Contractual Provisions

Senate Bill 328 (passed) establishes that a noncompete or conflict of interest provision in an employment contract or similar document or agreement restricting the ability of an employee earning equal to or less than \$15.00 per hour or \$31,200 annually to enter into employment with a new employer or become self-employed in the same or similar business or trade is null and void. The restriction does not apply to an employment contract or a similar document or agreement with respect to the taking or use of a client list or other proprietary client-related information. The restriction applies regardless of whether or not the employer and employee entered into the employment contract or similar document or agreement in the State, and may not be construed to affect a determination by a court in an action involving a noncompete or conflict of interest provision that is not subject to the bill.

Equal Pay for Equal Work Enforcement

Under Maryland’s Equal Pay for Equal Work law, an employer generally may not discriminate between employees on the basis of sex or gender identity in any occupation in terms of pay or employment opportunities. An employer also may not (1) prohibit an employee from inquiring about, discussing, or disclosing the wages of the employee or another employee or requesting that the employer provide a reason for why the employee’s wages are a condition of employment; (2) require an employee to sign a waiver or any other document to deny the employee the right to disclose or discuss the employee’s wages; or (3) take any adverse employment actions against an employee for specified actions regarding wages or exercising specified rights. *House Bill 790 (passed)* authorizes the commissioner or a court to require an employer who violates the Equal Pay for Equal Work law two or more times within a three-year period to pay a civil penalty equal to 10% of the amount of damages owed by the employer. Each civil penalty assessed must be paid to the general fund to offset the cost of enforcing the Equal Pay for Equal Work law.

Workforce Training

Apprenticeship Grants

Apprenticeship is a voluntary, industry-sponsored process 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 generally receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation.

House Bill 1167 (passed) establishes an Apprenticeship Career Training Pilot Program for Formerly Incarcerated Individuals. The Department of Labor, Licensing, and Regulation (DLLR) must administer the pilot program and provide grants on a competitive basis to employers that employ formerly incarcerated apprentices who have worked for the employer for at least seven months, are engaged in a building or construction trade, are enrolled in the first year of an apprenticeship program registered with the Division of Workforce Development and Adult Learning, and live in Baltimore City or Dorchester County. The grant is a maximum of \$1,000 for each qualified apprentice. The Governor is required to include at least \$100,000 annually in the State budget for fiscal 2021 through 2023 to provide grants to eligible employers and to cover administrative costs.

Clean Energy Jobs

The Maryland Employment Advancement Right Now (EARN) program was established in 2013 to create industry-led partnerships to advance the skills of the State’s workforce, grow the State’s economy, and increase sustainable employment for working families. Specifically, the program provides general fund grants on a competitive basis for industry partnerships, workforce training programs, and job-readiness and skills training. *Senate Bill 516 (passed)* requires the Maryland Energy Administration to use the Strategic Energy Investment Fund to invest in

pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under the EARN program. Subject to specified requirements, starting in fiscal 2021, \$1.5 million must be transferred for grants to pre-apprenticeship job training programs and \$6.5 million must be transferred for grants to youth and registered apprenticeship job training programs until all amounts are spent. For a more detailed discussion of [Senate Bill 516](#), see the subpart “Public Service Companies” within this part of this *90 Day Report*.

Employment Safety Provisions

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 to enforce 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.

[Senate Bill 252/House Bill 66](#) (*both passed*) generally prohibit 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 prohibition does not apply to a train or light engine used in connection with the movement of railroad freight involving hostler service or utility employees in yard service. A county or municipality may not enact and enforce more stringent measures regarding crew requirements than those in the bills. A willful violation of the bills is subject to a criminal penalty. The bills terminate if a federal rule subsequently requires two-person crews on crude oil trains and establishes minimum crew size standards for most main line freight and passenger rail operations.

Statewide Alcoholic Beverages

Regulation of Alcoholic Beverages

Alcohol and Tobacco Commission

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. 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 statewide alcoholic beverages laws through inspection and oversight.

Chapter 25 of 2018 established the Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health. The task force was required to examine whether the State

agency assigned the tasks of regulating the State alcoholic beverages industry and enforcing associated laws (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. In its final report, the task force made 23 recommendations, including establishing a new separate agency in charge of regulating and enforcing alcohol, tobacco, and motor fuel laws in the State.

House Bill 1052 (Ch. 12) implements the task force’s recommendations, in part, by establishing the Alcohol and Tobacco Commission (ATC) and transferring FED staff, powers, and duties related to alcoholic beverages and tobacco from the Comptroller’s Office to ATC. The Governor vetoed the legislation, but the General Assembly overrode the veto during the 2019 session.

ATC consists of five members appointed by the Governor with the advice and consent of the Senate. The presiding officer of either house of the General Assembly may recommend a list of individuals for appointment to the Governor. In addition to performing FED’s existing duties related to alcoholic beverages and tobacco enforcement, the Act establishes new responsibilities for ATC, including educating the public about specified topics related to the use of tobacco products and the consumption of alcoholic beverages.

The Act requires ATC to develop best practices for a number of activities, including the dedication of a minimum effective portion of the budget of a local licensing board to administrative enforcement activities, the carrying out of compliance checks for alcoholic beverages licenses, the development of guidelines for the minimum capacity of inspections by local licensing board inspectors, and the development of a public health impact statement for each change to the State alcoholic beverages laws.

ATC is also charged with completing a feasibility study by December 31, 2021, for maintaining a statewide database of individuals trained in an alcohol awareness program.

Breweries and Beer

Expansion of Brewery License Privileges

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 each year. Chapter 813 of 2017 made three significant changes to the manner in which Class 5 breweries were 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.

Senate Bill 801/House Bill 1010 (both passed) further enhance the privileges associated with a Class 5 brewery license, a Class 7 micro-brewery license, and a Class 8 farm brewery license. Among other things, the bills increase to 5,000 barrels the amount of beer that Class 5 and Class 7 breweries may sell each year for on-premises consumption, allow Class 5 breweries to brew and bottle malt beverages at the locations described on their individual storage permits, authorize Class 7 breweries to brew up to 45,000 barrels of malt beverages each calendar year, and authorize certain Class 5, Class 7, and Class 8 breweries to self-distribute up to 5,000 barrels of their own beer through the use of a Class 7 limited beer wholesaler's license. The bills also set the hours of sale for Class 8 farm breweries at 10 a.m. to 10 p.m. Finally, the bills require Class 5 breweries, Class 6 pub-breweries, Class 7 micro-breweries, and Class 8 farm breweries to report beer production and sales data each year to the Comptroller that must then be included in an annual report to the General Assembly.

Beer Distribution and Franchise Agreements

Established in 1974, the Beer Franchise Fair Dealing Act regulates the agreements, franchises, and relationships between beer manufacturers and their distributors (wholesalers). Among other things, the Act prohibits a brewery from terminating a contract with a distributor without good cause. Additionally, if a brewery wishes to terminate or refuse to renew a franchise agreement with one of its distributors, the brewery must provide the distributor with notice at least 180 days before terminating or refusing to renew the contract. If deficiency is claimed as the reason for the termination or nonrenewal, the distributor has 180 days after the notice is received to rectify the deficiency. If the distributor rectifies the deficiency within this time period, the brewery may not terminate or refuse to renew the contract with the distributor.

Senate Bill 704/House Bill 1080 (both passed) shorten the franchise agreement termination process for a brewery that produces 20,000 or fewer barrels of beer per year. Such a brewery must wait 45 days, rather than 180 days, after notifying a distributor of its intent to terminate or refuse to renew a beer franchise agreement before terminating the agreement. Additionally, such a brewery is authorized to terminate or refuse to continue or renew a franchise agreement without good cause and is no longer required to give its distributor an opportunity to correct a deficiency if that is the reason the agreement is being terminated. However, the bills require the brewery to compensate the distributor for the fair market value of the terminated franchise and establish an arbitration process if the brewery and the distributor cannot otherwise reach a compensation agreement.

Mead Classified as Beer

Mead is a fermented alcoholic beverage made primarily of honey and water. Production of mead dates to 9,000 years ago. Mead is categorized as a honey wine for federal excise tax purposes. As a result, mead has historically been considered a wine in Maryland for regulatory purposes, even though State law is silent on the issue, and has been taxed accordingly. *Senate Bill 596 (passed)* reclassifies mead by expanding the definition of "beer" to include mead and applies the same alcoholic beverages tax rate to mead that is imposed on beer.

Distilleries and Liquor

On-site Consumption Permits

A Class 1 distillery license authorizes the establishment and operation of a plant for distilling any amount of brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license. A Class 1 distillery license also authorizes the license holder to conduct guided tours; serve samples; and sell up to 2.25 liters of products manufactured on the licensed premises, for consumption off the licensed premises, and related merchandise, to persons of legal drinking age who participate in a guided tour of the licensed premises. *House Bill 549 (passed)* authorizes a local alcoholic beverages licensing board to issue an on-site consumption permit to the holder of a Class 1 distillery license. The permit authorizes the sale of mixed drinks made from liquor produced by the distillery and other non-alcoholic ingredients for on-premises consumption. A distillery may only use up to 7,750 gallons of its own liquor for this purpose each year.

Off-site Permits

Chapter 418 of 2016 authorized the Comptroller to grant a distillery off-site permit to a Class 1 distillery licensee or a Class 9 limited distillery licensee. *House Bill 551 (passed)* increases the number of farmers' markets and other events that a distillery or limited distillery may participate in using a distillery off-site permit. Specifically, the bill repeals the 5-event limit on the number of farmers' markets for which the permit may be used, and authorizes the permit to be used to participate in up to 32, rather than 6, other events each year.

Festival and Retail Off-site Permits

House Bill 666 (passed) generally combines the nonprofit beer festival permit, nonprofit wine festival permit, and nonprofit liquor festival permit into a single nonprofit beer, wine, and liquor festival permit. The nonprofit festival permit authorizes the nonprofit organization to conduct a festival, to provide samples (in specified quantities), and sell alcoholic beverages to consumers. The bill also converts the farmers' market permit into a "retail off-site permit" and expands its associated privileges. The retail off-site permit authorizes the permit holder to sell beer, wine, and liquor produced by State-licensed manufacturers at a farmers' market and provide samples and offer and sell beer, wine, and liquor for on- and off-premises consumption at a nonprofit beer, wine, and liquor festival.

Alcohol Consumption and Open Container Violations – Enforcement

In general, an individual may not consume an alcoholic beverage in public nor possess an alcoholic beverage in an open container in public. *House Bill 88 (passed)* establishes that consuming or possessing an alcoholic beverage in this manner is a code violation and a civil offense rather than a criminal misdemeanor. Under the bill, a violator receives a civil citation rather than being subject to arrest. The bill also establishes a task force to study the classification and penalties associated with other crimes in the State.

Local Alcoholic Beverages

Legislation

Allegany County

Alcoholic Beverages Licenses: *Senate Bill 667/House Bill 866 (both passed)* authorize the Board of License Commissioners to issue a Class D (on-sale) beer and wine arts and entertainment district license to a for-profit festival promoter for use at an entertainment event held in an arts and entertainment district in the county. In addition, the bills authorize the board to issue a Class L beer, wine, and liquor license to the holder of a manufacturer's license. The Class L license authorizes the holder to sell or provide samples of beer, wine, and liquor produced by the holder or by another manufacturer's licensee for on-premises consumption during the hours of sale applicable to the underlying manufacturer's license.

Anne Arundel County

Interest in Multiple Licenses: *House Bill 770 (passed)* authorizes the Board of License Commissioners to issue more than one Class B, Class H, or Class BLX license to an individual already holding an interest in a license of a similar class. The interest may be held, controlled by direct or indirect ownership, stock ownership, interlocking directors or interlocking stock ownership, or any other direct or indirect manner. However, the other license type and interest must not be for a franchise operation or chain store operation.

Alcohol Awareness Program: *House Bill 459 (passed)* requires an alcoholic beverages license holder or an employee in a supervisory capacity of the license holder to be both certified by an approved alcohol awareness program and be present on the licensed premises at all times when alcoholic beverages may be sold. For a first offense, a license holder who violates these requirements is subject to a \$100 fine. For each subsequent offense, the license holder is subject to a fine of up to \$500, or a suspension or revocation of the license, or both.

Racetrack and Racetrack Concessionaire License: *Senate Bill 309/House Bill 374 (both passed)* expand the hours of operation and privileges of a racetrack alcoholic beverages license. The license holder may sell alcoholic beverages Monday through Sunday from 6 a.m. to 2 a.m. the following day. The bills allow the playing of music and dancing on the licensed premises. The bills also establish a racetrack concessionaire license for qualifying concessionaires to sell beer, wine, and liquor on the licensed premises of the concessionaire and the racing establishment.

Baltimore City

License Renewals and Adult Entertainment: *House Bill 959 (passed)* authorizes the Board of License Commissioners to consider, when determining whether to renew an alcoholic beverages license or whether to attach any conditions on a renewed license, the performance of the license holder during the four-year period preceding the renewal application date. In addition, the bill prohibits the board from authorizing, and a specified license holder who offers adult entertainment from allowing, an individual younger than age 21 to enter the licensed establishment

unless the individual is an employee, an agent, or a contractor of the establishment or is an active duty member of the Armed Forces of the United States.

Alcoholic Beverages Licenses: *Senate Bill 584/House Bill 637 (both passed)* authorize the Board of License Commissioners to issue (1) up to two Inner Harbor Park licenses for use by a nonprofit organization, as specified; (2) a Class B beer, wine, and liquor license for use by a restaurant in the 1400 block of Warner Street, as specified; and (3) one Class B-HM (hotel-motel) beer, wine, and liquor license to a hotel in the 1200 block of East Fort Avenue.

In addition, the bills (1) authorize a specified transferee of a Class B-D-7 license to apply to the board to exchange the license for a Class A-7 license in the 46th legislative district by July 1, 2021; (2) alter provisions pertaining to the public market license; (3) alter the boundaries of the Old Goucher Revitalization District and authorize a Class B-D-7 license to be transferred within the revitalization district, as specified; and (4) authorize specified interactions until June 30, 2022, between a Class 1 distillery and a retail dealer in Port Covington.

Related Event Promoter's Permit: Baltimore City will be the host city of the CIAA Men's and Women's Basketball Tournament for a three-year period beginning in 2021. *Senate Bill 792 (passed)* authorizes the Board of License Commissioners to issue a related event promoter's permit that authorizes an individual, for-profit organization, or nonprofit organization and a participating license holder to conduct a social event related to and around the same time and location as the basketball tournament.

Prohibited License Transfers: *House Bill 960 (passed)* prohibits the Board of License Commissioners from allowing the transfer of an alcoholic beverages license until the resolution of any (1) pending criminal charge filed against the transferor that directly relates to the operation of the licensed premises or (2) disciplinary matter before the board concerning the transferor. The bill excludes such a prohibition from existing procedures to determine when a license expires. The bill specifies that the pendency of a criminal charge against a transferor that directly relates to the operation of the licensed premises or a disciplinary matter before the board concerning the transferor may be used as a reason to request the extension of the life of the license due to hardship. The board may grant an extension that prolongs the life of the license beyond 360 days if a transfer of the license is prohibited due to a pending criminal charge against the transferor or a disciplinary matter before the board concerning the transferor.

Carroll County

Required Information on an Application: Generally, a "petition of support" is signed by at least 10 property-owning residents who are registered voters of the precinct in which the business is to be located. The petition states (1) the length of time each of the residents has been acquainted with the applicant; (2) that they have reviewed the application and believe the statements within the application are true and the applicant is suitable to obtain the license; and (3) that they are familiar with the location of the business and believe that the location is suitable for such a business.

Senate Bill 298/House Bill 576 (both passed) alter the “petition of support” of an alcoholic beverages license application by removing the requirement that the petition signers both know of the proposed business location and believe the business location is a suitable location for such a business.

Catering Licenses: Under current law, a holder of a Class BC BWL license must provide food for consumption at a catered event held off premises. Under **Senate Bill 297/House Bill 572 (both passed)**, either the license holder or the sponsor of the catered event may meet the requirement to provide food.

Class D Beer and Class D Beer and Wine Licenses: Under current law, a Class D beer license and a Class D beer and wine license automatically allow the sale of beer or beer and wine for both on- and off-premises consumption. Under **Senate Bill 927 (passed)**, the sale of beer for off-premises consumption under a Class D beer license is allowed only at the discretion of the Board of License Commissioners. Similarly, under **Senate Bill 256/House Bill 613 (both passed)**, the sale of beer and wine for off-premises consumption under a Class D beer and wine license is allowed only at the discretion of the board.

Charles County

View of Licensed Premises: House Bill 388 (passed) alters the requirement that an alcoholic beverages license holder or the holder’s agent or employee only sell alcohol in a room with at least one plain glass window or door that allows an individual standing on the outside to observe the interior. The bill authorizes the licensed establishment to install a protective covering over an exterior door or window of the licensed premises if the covering is (1) used only when the premises is not occupied; (2) designed to protect the premises from unlawful intrusion or destruction; and (3) secured only from the exterior of the premises. Any protective covering must not prevent an inspection and search of the licensed premises.

Resort Complex License: House Bill 389 (passed) establishes a resort complex alcoholic beverages license and authorizes the Board of License Commissioners to issue the license to resort complexes meeting specified criteria.

Golf Course Privilege: House Bill 438 (passed) repeals the Class GC (golf course) alcoholic beverages license and replaces it with a Class GC privilege that may be attached to one of several types of retail alcoholic beverages license. The GC privilege expands the licensed premises to include the golf course. Holders of the Class GC privilege are authorized to sell alcoholic beverages on the golf course.

Dorchester County

Class A Licenses: Senate Bill 111/House Bill 311 (both passed) authorize the Board of License Commissioners to issue Class A beer, wine, and liquor licenses to holders of Class B and Class D licenses. The bills also authorize the board to limit the number of Class A beer, wine, and liquor licenses that it issues.

Frederick County

License Application Notice: *Senate Bill 224/House Bill 314 (both passed)* repeal a requirement that signers of a petition of support for a local alcoholic beverages license are owners of real estate within 5,000 feet of the potential licensed establishment or, if an insufficient number of persons own real estate within the specified radius, within a radius of the potential licensed establishment that encompasses properties owned by at least 1,000 persons. The bills substitute a requirement that an applicant for a license post, at least 14 days before the application hearing and in a conspicuous place at the potential licensed establishment, a board-approved notice specifying (1) the class of license for which the applicant is applying and (2) the time, date, and location of the application hearing.

Basket of Cheer Permit: *Senate Bill 325/House Bill 447 (both passed)* authorize the Board of License Commissioners to issue a basket of cheer permit, at no cost, 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 the holder to provide, as a prize at a benefit performance, a “basket of cheer” of alcoholic beverages produced in Maryland for off-premises consumption. A permit holder may raffle up to 10 baskets of cheer at each benefit performance.

Cinema/Theater License: *Senate Bill 273/House Bill 289 (both passed)* authorize the Board of License Commissioners to issue a Class CT (cinema/theater) (on-sale) beer, wine, and liquor license for use in a for-profit cinema or theater that has at least one screening room or performance hall. The license authorizes the license holder to sell, in a designated area of the lobby, for 45 minutes before the start of a movie or performance, beer, wine, and liquor by the can, bottle, or drink for consumption anywhere on the licensed premises. A license holder may sell alcoholic beverages only to a ticket holder with proper identification and must offer food other than candy and popcorn.

Multiple Licenses Allowed: Generally, and with specified exceptions, the number of alcoholic beverages licenses that may be issued to an individual license holder in the State is limited to 1. *Senate Bill 276/House Bill 312 (both passed)* authorize the Board of License Commissioners to issue (1) up to 10 Class B beer, wine, and liquor hotel or motel licenses to a single license holder; (2) up to 10 Class B beer, wine, and liquor hotel or restaurant licenses to a single license holder; (3) up to 10 Class EC (entertainment center) licenses to a single license holder; and (4) up to 10 hotel lobby licenses to a single license holder.

Promoter’s Permit: *Senate Bill 275/House Bill 287 (both passed)* repeal the requirement that a for-profit organization may obtain a promoter’s permit only for an event conducted in conjunction with a nonprofit organization that holds a specified per diem alcoholic beverages license. The bills also lower to \$50 the fee for the permit in instances where a promoter expects that fewer than 500 individuals will attend an event.

Theater Licenses – Seating Capacity: *Senate Bill 952/House Bill 353 (both passed)* repeal the requirement that a theater must seat no more than 200 individuals per performance to be eligible for a Class C (theater) beer and wine license.

Volunteer Fire Company or Volunteer Ambulance Company License: *Senate Bill 204/House Bill 293 (both passed)* authorize the Board of License Commissioners to issue a Class C (volunteer fire company or volunteer ambulance company) beer, wine, and liquor license to a volunteer fire company or volunteer ambulance company. The license authorizes the licensee to sell beer, wine, and liquor for on-premises consumption during a fundraising event.

Sunday Sales: *Senate Bill 274/House Bill 288 (both passed)* repeal provisions that prohibit the holder of a Class C beer; a Class C beer and wine; or a Class C beer, wine, and liquor license from selling alcoholic beverages from a bar or counter on Sunday.

Garrett County

Miscellaneous Revisions: *Senate Bill 547/House Bill 723 (both passed)* (1) reclassify a draft beer license to be a draft beer *permit*; (2) widen the exemption from the hearing requirement for issuance of a Class C multiple day license; (3) authorize a club licensed under a multiple event license to cater functions on its premises; (4) repeal a prohibition against the issuance of an alcoholic beverages license to an applicant who has not had an established business for at least one year; and (5) repeal a prohibition against the issuance of a Class A or Class D beer, beer and wine, or beer, wine, and liquor license to a person that holds an out-of-state alcoholic beverages license.

Harford County

Filing Period for Renewal Applications: *House Bill 1149 (passed)* alters the filing period for renewal applications for an alcoholic beverages license holder. The license holder must now file a renewal application between February 1 and April 1, inclusive.

Continuing Care Facility for the Aged: *House Bill 805 (passed)* specifies that the Board of License Commissioners may issue a Class CCFA (continuing care facility for the aged) BWL license to the *officers* of a continuing care facility for the aged, rather than “for the use of” such a facility.

Seasonal Closing: *Senate Bill 960 (passed)* increases, from six months to nine months, the maximum length of time the Board of License Commissioners may authorize the closing of seasonally operated licensed premises.

Annual Financial Audit: *House Bill 803 (passed)* requires the Board of License Commissioners to submit an annual audit report to the County Executive and the County Delegation. The audit is not subject to approval by either the county executive or the delegation.

Howard County

Marketplace License: *House Bill 869 (passed)* establishes a marketplace license. The license authorizes a holder to sell beer, wine, and liquor through vendors or agents from one or more outlets within the marketplace by the drink or by the bottle, for on-premises consumption. The license holder may also obtain container permits for off-premises consumption. The

marketplace must have (1) a minimum capital investment, excluding the cost of land and buildings, of \$1 million for marketplace facilities; (2) a minimum seating capacity of 75 individuals; (3) average daily receipts from the sale of food of at least 51% of the total daily receipts of the marketplace; and (4) a minimum total capacity of 200 individuals and a maximum capacity of 500 individuals, as determined by the County Department of Fire and Rescue Services. The bill also restricts the use of the license when ticketed public events are being held at certain property adjacent to the licensed premises.

Kent County

Alcoholic Beverages Act of 2019: Senate Bill 955 (passed) (1) authorizes holders of Class D beer, wine, and liquor licenses to sell for both on- and off-premises consumption throughout the week and (2) increases to 15 the maximum number of rooms for an establishment for which a Class B (country inn) beer, wine, and liquor license is issued. For a theater beer, wine, and liquor license, the bill (1) lowers to 100 the minimum required seating for a theater; (2) allows the theater to provide cinematic as well as live entertainment; and (3) authorizes the sale of beer, wine, and liquor whenever the theater is open to the public except from 2:00 a.m. to 6:00 a.m.

Montgomery County

Department of Liquor Control (Renaming): House Bill 616 (passed) renames the Montgomery County Department of Liquor Control to “Alcohol Beverage Services for Montgomery County” and renames the Liquor Control Fund as the “Alcohol Beverage Services Fund.” The Department of Liquor Control is separate from the Montgomery County Board of License Commissioners, which issues alcoholic beverages licenses. Generally, the Department of Liquor Control maintains a monopoly on the wholesale distribution of beer, wine, and liquor and the retail sale of liquor for off-premises consumption. The Department of Liquor Control-operated dispensary system acts as the primary second-tier wholesaler in the county.

Fee Refunds: House Bill 335 (passed) authorizes the Board of License Commissioners to refund the unearned portion of an alcoholic beverages license fee if the license is voluntarily surrendered at least six months before its expiration date.

Sale of Chilled Beer and Chilled Wine: House Bill 297 (passed) authorizes Department of Liquor Control dispensaries to sell chilled beer and chilled wine, dispensed from a keg, for off-premises consumption. Chilled beer may only be dispensed for the purpose of filling a refillable or nonrefillable container. Chilled wine may only be dispensed for the purpose of filling a refillable container.

Community Performing Arts Facility Special Event Permit: House Bill 334 (passed) authorizes the Board of License Commissioners to issue a community performing arts facility special event permit to a holder of a community performing arts facility beer, wine, and liquor license. A permit holder must notify the board in writing at least 14 days in advance of a special event.

Alcoholic Beverage Licenses (Damascus): *House Bill 345 (passed)* repeals an obsolete reference and clarifies that the Board of License Commissioners may issue an unlimited number of Class H BW hotel and restaurant licenses in Damascus (12th election district). A Class H-BW license authorizes the holder to sell beer and wine for on-premises consumption Monday through Sunday from 9 a.m. to 2 a.m. the following day.

Prince George's County

Family Entertainment Permit: *House Bill 186 (passed)* (1) repeals exemptions from the entertainment permit requirement for holders of specified alcoholic beverages licenses that offer family entertainment and (2) establishes a family entertainment permit. The Board of License Commissioners may issue the permit to a Class B license holder whose business meets specified seating, daily receipt, menu, price, and entertainment-content criteria. The permit authorizes the holder to impose a cover charge and provide family entertainment no later than midnight. The board must determine the number of days per week the permit holder may exercise the privileges of the permit and the hours the permit may be in effect. Specified requirements, procedures, and penalties applicable to the entertainment permit also apply to the family entertainment permit.

Class BLX Licenses: *House Bill 189 (passed)* increases, from 10 to 15, the number of Class BLX licenses the Board of License Commissioners may issue to a single license holder. The bill extends specified existing requirements pertaining to the issuance of a fifth through tenth Class BLX license to the issuance of an eleventh or subsequent license. Namely, the board may issue a fifth or any subsequent license to a single license holder only on (1) consideration of the number of licensed establishments in the area surrounding the proposed licensed establishment and (2) determination that the proposed licensed establishment will enhance the recreational, business, and economic development of the area.

Class BLX License for Movie Theaters: *Senate Bill 352/House Bill 185 (both passed)* authorize the Prince George's County Board of License Commissioners to issue a Class BLX license to a movie theater if (1) the owner or operator of the movie theater has invested at least \$5 million in renovating or remodeling the movie theater; (2) the average daily receipts from the sale of food, excluding receipts from the sale of candy or popcorn, exceed the average daily receipts from the sale of alcoholic beverages; and (3) any employee who serves alcoholic beverages is certified by an approved alcohol awareness program. However, the board may not issue a Class BLX license to a movie theater in the 26th legislative district. A holder of a Class BLX license issued for use in a movie theater may sell beer, wine, and liquor for on-premises consumption and, unlike a Class BLX restaurant licensee, only from noon to 12:30 a.m. the following day. A Class BLX movie theater licensee may serve only customers who have proof of admission to the movie theater.

Class B-ECF/DS Beer, Wine, and Liquor License: *House Bill 445 (passed)* authorizes the Board of License Commissioners to issue a Class B-ECF/DS (educational conference facility/dining services) license for use on the Prince George's Community College (PGCC) Main Campus and makes conforming changes to the Class B-ECF/DS license. The profits from the retail sale of alcoholic beverages authorized under a Class B-ECF/DS license issued for use on the PGCC

Main Campus must be deposited in a designated auxiliary services fund of the PGCC Main Campus.

Workgroup on Alcohol Outlet Density Zones: *House Bill 1157 (passed)* establishes a Workgroup on Alcohol Outlet Density Zones to identify potential areas with a high concentration of off-sale retail licenses as alcohol outlet density zones. The workgroup must submit its recommendations to the House and Senate delegations for the county and the board of license commissioners on or before December 1, 2019.

Queen Anne’s County

Alcohol Awareness Program: *Senate Bill 427/House Bill 475 (both passed)* require an alcoholic beverages license holder or an individual designated by the license holder who has completed training in an approved alcohol awareness program to be present on the licensed premises at all times when alcoholic beverages may be sold. The bills specify that a license holder who violates the bills’ requirements is subject to a \$100 fine for a first offense. For each subsequent offense, the license holder is subject to a fine of up to \$500, or a suspension or revocation of the license, or both.

Beauty Salon and Barbershop License: *Senate Bill 428/House Bill 476 (both passed)* establish a beauty salon and barbershop beer and wine alcoholic beverages license. The bills authorize the Board of License Commissioners to issue the license to the holders of specified beauty salon or barbershop permits. A license holder may provide a specified amount of beer or wine by the glass for on-premises consumption only while performing activities generally relating to beauty salons or barbershops. The license may not be transferred to another location. The license holder may provide beer and wine during normal business hours but not after 9:00 p.m. A holder of the license is subject to specified existing alcohol awareness training requirements.

St. Mary’s County

Sunday Sales at a Bar or Counter: *House Bill 360 (passed)* repeals the prohibition against a holder of a Class B beer and wine license, Class B beer, wine, and liquor license, or Class C beer, wine, and liquor license from selling alcoholic beverages at a bar or counter on Sunday.

Class C Per Diem Licenses: *House Bill 982 (passed)* authorizes the holder of a Class C per diem alcoholic beverages license to hold another license of a different class or nature. Generally, Class C per diem beer licenses may not be issued for longer than 10 days. Class C per diem beer and wine and Class C per diem beer, wine, and liquor licenses may each only be issued for 1 day.

Somerset County

Liquor Control Board Reserve Fund: The Liquor Control Board maintains a reserve fund of \$150,000 to provide working capital for its county-run alcohol dispensaries and cover any losses sustained by the board while operating the dispensaries. *Senate Bill 335/House Bill 291 (both passed)* increase the maximum amount of the board reserve fund from \$150,000 to \$300,000. The

bills also increase the maximum amount the board may distribute from the reserve fund to each dispensary in the county from \$50,000 to \$100,000.

Board of License Commissioners – Salaries: The Board of License Commissioners consists of three members, one chair and two regular members, and is staffed by an attorney and a clerk. *Senate Bill 337/House Bill 290 (both passed)* raise the annual salary for members and employees of the board as specified.

Proximity to Places of Worship, Schools, Public Libraries, or Youth Centers: *Senate Bill 338/House Bill 292 (both passed)* shorten, from 300 feet to 200 feet, the minimum distance between a place of worship, school, public library, or youth center and an establishment for which the Board of License Commissioners may issue a license.

Talbot County

Election Days: *Senate Bill 920/House Bill 1077 (both passed)* repeal the prohibition on the sale or provision of alcoholic beverages within an election district on election days during the hours when the polls are open.

Substitute Member for Board of License Commissioners: *Senate Bill 943/House Bill 1095 (both passed)* require the Governor to appoint a substitute member to the Board of License Commissioners. The substitute member must serve when a regular member is absent, recused, or incapacitated for any reason, or if a vacancy occurs. The substitute member has all of the powers and duties of a regular member of the board and must serve until the regular member returns or the vacancy is filled.

Washington County

Sunday Hours of Sale: *House Bill 701 (passed)* extends the Sunday hours of sale for Class A beer, beer and light wine, and beer, wine, and liquor (off-sale) licenses. The Sunday hours of sale for Class A licensees are from 11 a.m. to midnight.

Wicomico County

Basket of Cheer Permit: *Senate Bill 6/House Bill 198 (both passed)* authorize the Board of License Commissioners to issue a basket of cheer permit to a qualifying nonprofit organization that holds a Class C per diem beer and wine license or a Class C per diem beer, wine, and liquor license. A permit holder is authorized to provide a basket of cheer, consisting of alcoholic beverages, as a prize at a benefit performance.

Bed and Breakfast License: *Senate Bill 19/House Bill 197 (both passed)* authorize the Board of License Commissioners to issue a Class B-BB (bed and breakfast) license to an establishment with at least 1 room but not more than 10 rooms with sleeping accommodations for the public and a kitchen facility. The license holder may sell beer and wine to guests under certain conditions.



Part I

Financial Institutions, Commercial Law, and Corporations

Financial Institutions

Student Loan Servicers

Chapters 731 and 732 of 2018 required the Office of the Commissioner of Financial Regulation (OCFR) to designate an individual to serve as a Student Loan Ombudsman. Among other things, the ombudsman must receive and process complaints about student education loan servicing and may refer any matter that is abusive, unfair, deceptive, or fraudulent to the Office of the Attorney General for civil enforcement or criminal prosecution.

House Bill 594 (passed) builds on the creation of the position of the student loan ombudsman and its intended student loan consumer protection efforts by prohibiting a student loan servicer (*i.e.*, the entities collecting principal, interest, or other amounts owed on student loans) from taking specified adverse actions with regard to student loan borrowers. In addition, the bill requires a student loan servicer to engage in certain conduct on receipt of a written inquiry or complaint from a student loan borrower or the borrower's authorized representative.

OCFR is authorized to enforce the bill. The Student Loan Ombudsman may refer any complaint from a student loan borrower to OCFR for investigation. A violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions.

Office of the Commissioner of Financial Regulation

Disclosure of Information

As part of the investigative process, OCFR notes that business entities are regularly required to make their books and records (including contracts, policies, transactions, etc.) available for review, as well as to engage in discussions with examiners during an investigation. For an investigation to be successful, the flow of information, both written and verbal, between the entity investigated and OCFR must be open and frank.

In order to clarify that the work product of an investigation is privileged and to aid OCFR in the conduct of investigations, *Senate Bill 67 (passed)* authorizes OCFR to deny requests for records of an investigation, subject to the provisions of the Maryland Public Information Act.

Debt Settlement Services

Consistent with the nationwide trend among state financial regulatory agencies, OCFR has been moving all licensing processing to the Nationwide Multistate Licensing System (NMLS). *House Bill 59 (passed)* requires debt settlement services licensees to register with NMLS. Licensees must obtain and maintain a valid unique identifier and transfer existing licensing information to NMLS on or after July 1, 2019. The bill also establishes that licenses are valid for one-year terms and sets the annual registration fee at \$400.

Mortgage Lenders, Loan Servicers, and Loan Originators

In order to bring the Maryland Mortgage Lender Law up to date with current national standards and other Maryland regulations, *House Bill 61 (passed)* (1) establishes a sliding scale tangible net worth requirement for mortgage loan servicers; (2) clarifies and expands methods that may be used to meet minimum net worth requirements for mortgage lenders, mortgage brokers, and mortgage loan servicers; (3) repeals a requirement that a mortgage lender license be canceled if the licensee fails to timely notify OCFR of a change in place of business; (4) reduces the frequency of examinations for mortgage lender licensees while it also extends recordkeeping requirements; and (5) extends the license duration period for mortgage loan originator licensees whose registration date occurs late in a calendar year.

Commercial Law – Generally

Credit Regulation

In *Commissioner of Financial Regulation v. Brown*, 449 Md. 345 (2016), the Maryland Court of Appeals ruled that loan modifiers that assist consumers to obtain a line of credit are covered under the Maryland Credit Services Businesses Act. In order to reduce the consumer confusion resulting from this ruling, *Senate Bill 68 (passed)* amends the definition of “credit services business” under the Act. The bill divides the classification of credit services businesses into (1) those that improve a consumer’s credit record, history, or rating or establish a new credit file or record and (2) those that assist consumers to obtain an extension of credit. Depending on how a credit services business is classified, the business must conform to different specific requirements for payment and consumer disclosures.

Credit Card Servicers

It is important for any small business that deals with a credit card processor to understand fully its servicing agreement with the processor and all the terms of that agreement. *Senate Bill 694/House Bill 777 (both passed)* define the agreement as a “merchant processing agreement.” The bills require each credit card processor to send a copy of its merchant processing

agreement to each business with which it has such an agreement and specify particular information that the merchant processing agreement must contain. A violation of the bills is subject to enforcement by the Commissioner of Financial Regulation.

Commercial Property

Generally, Maryland commercial receivership practice is governed by Title 13 of the Maryland Rules. Many issues related to commercial receivership are decided on a case-by-case basis.

Senate Bill 695/House Bill 1065 (both passed) establish a comprehensive process for the appointment, powers, and duties of a receiver for commercial real estate and related personal property. Unless displaced by a particular provision of the bills, the principles of law and equity generally supplement the bills' provisions.

The bills are the result of recommendations of the Maryland Commercial Law Legislative Initiative of the Maryland State Bar Association to bring statutory consistency and certainty in law relating to commercial receivership. The recommendations are derived from draft language prepared by the National Conference of Commissioners on Uniform State Laws as a template for the appointment of commercial real estate receivers, to provide consistent and predictable receivership proceedings across jurisdictions.

Under *Senate Bill 695/House Bill 1065*, a court may appoint a receiver before judgment to protect property that may be subject to waste or impairment or that may be subject to fraudulent conveyance. After judgment, a court may appoint a receiver to enforce a judgment, preserve property, or wind up the business in case of dissolution and insolvency. The bills specify the powers, qualifications, and limitations of the receiver with regard to the property in receivership, the owner of the property, and creditors.

Commercial Law – Consumer Protection

Financial Consumer Protection

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) issue recommendations for federal and State actions that are intended to protect the residents of Maryland when conducting financial transactions and receiving financial services.

In January 2019, MFCPC released a final report that included recommendations related to data privacy, cryptocurrencies, automobile dealer financing, mobile home financing, and fiduciary duties of financial professionals. *Senate Bill 786/House Bill 1127 (both failed)* generally would have implemented MFCPC's recommendations.

Personal Information Protection

Security Breaches

Under the Maryland Personal Information Protection Act (MPIPA), a business that owns or licenses computerized data that includes the personal information of a Maryland resident, on the discovery or notification of a breach of the security of a system, must conduct, in good faith, a reasonable and prompt investigation to determine the likelihood that personal information has been or will be misused as a result of the breach. If, after the investigation, the business reasonably believes that the breach has resulted in or will result in the misuse of personal information of a Maryland resident, the business must notify the individual of the breach.

Senate Bill 693/House Bill 1154 (both passed) expand the types of businesses that are required to provide notification to consumers of data breaches under MPIPA. In addition to a business that owns or licenses computerized data, any business that maintains computerized data that includes the personal information of a Maryland resident that is subject to a breach must conduct a reasonable and prompt investigation when the business discovers or is notified that it incurred a security breach. If a misuse of personal information has occurred, or is reasonably likely to occur, the business must notify the affected individual of the breach. A violation of the bills is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions.

Online Personal Information Privacy

State law does not generally regulate Internet privacy. *Senate Bill 613/House Bill 901 (both failed)* would have established numerous personal information privacy rights for consumers in the State. Specifically, the bills would have established for consumers the right to (1) know whether and what personal information is collected or disclosed by a business; (2) access, and obtain a copy of, personal information collected by a business; (3) have personal information deleted by a business; (4) stop a business from disclosing information to third parties; and (5) have equal service and pricing, regardless of whether the consumer has exercised his or her rights under the bills.

Other Consumer Protection Issues

Ticket Resales

Senate Bill 891/House Bill 934 (both passed) prohibit a ticket reseller from selling or offering to sell a "speculative ticket," which the bills define as a ticket that is not in the actual or constructive possession of the reseller at the time of sale, unless the reseller discloses specified information to a prospective purchaser at the outset of the sales transaction. The bills also require a ticket reseller to refund any consideration or deposit paid for tickets if the reseller fails to obtain the tickets (1) within 24 hours after the approximate date of specified delivery but before the commencement of the event or (2) in conformity with the disclosures required by the bills. A reseller must make any refund required by the bills within 10 days after the final day of the event

for which the tickets were sold. Violation of the bills is an unfair, abusive, or deceptive trade practice under MCPA, subject to MCPA’s civil and criminal penalty provisions.

Student Loan Servicers

While student loan servicers are not required to be licensed or regulated under Maryland law, Chapters 731 and 732 of 2018 required the Office of the Commissioner of Financial Regulation (OCFR) to designate an individual to serve as the Student Loan Ombudsman. *House Bill 594 (passed)* expands on Chapters 731 and 732 by prohibiting student loan servicers from taking specified adverse actions with regard to student loan borrowers. For a more detailed discussion of this bill, see the subpart “Financial Institutions” within this part of this *90 Day Report*.

Private Career Schools and For-profit Institutions of Higher Education

Senate Bill 399/House Bill 464 (both passed) add several items to the list of specified information that a private career school or for-profit institution of higher education, including those required to register with the Maryland Higher Education Commission, must provide to a prospective student prior to the student signing an enrollment agreement, completing registration, or making a financial commitment to the school or institution. For a more detailed discussion of this issue, see the subpart “Higher Education” within Part L – Education of this *90 Day Report*.

Corporations and Associations

Expedited Document Processing

The charter unit of the State Department of Assessments and Taxation (SDAT) is the central repository of all records for business entity formation and filings, such as charters, limited liability companies, partnerships, and trusts. The charter unit provides resident agent information for service of process on these entities and accepts service in certain instances on their behalf. The charter unit also records trade names and is the filing place for most financing statements under the Uniform Commercial Code. Fees that are collected from expedited document processing are special fund revenues which fund the operation for the charter unit. SDAT has three options for processing documents: general processing and two forms of expedited processing. For documents to be processed on a general, nonexpedited basis, SDAT does not charge an expedited fee.

Senate Bill 26 (passed) authorizes SDAT to adopt regulations establishing expedited document processing tiers or additional methods of expedited document processing. The department is authorized to charge reasonable fees for these services.

Electronic Transfer of Corporate Records

Blockchain is a distributed ledger database that records and shares every transaction that occurs in a network of users. Distributed networks and databases allow data to be shared and synchronized across multiple sites, countries, or institutions without the need for a central

administrator or centralized data storage location. As of July 2018, nine states have enacted legislation that authorizes blockchain transactions and three of those states have enacted legislation related specifically to corporations.

Under the Corporations and Associations Article, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient of the communication and that may be reproduced directly in paper form by a recipient through an automated process. The definition includes electronic mail, facsimile, and Internet transmissions.

Senate Bill 136 (passed) expands the statutory definition of “electronic transmission” to include the “use of or participation in one or more electronic networks or databases, including one or more distributed electronic networks or databases.” In so doing, the bill authorizes corporations to maintain their records on such a distributed electronic network or database. The records may be maintained on an information storage device, method, or electronic network or database only if the records can be converted within a reasonable time into clearly legible written form for visual inspection. If the records are maintained on an electronic ledger or distributed electronic ledger, the records may be used for the purpose of (1) making a proper determination as it pertains to stockholders and (2) preparing a list of stockholders. In addition, a corporation is required to convert the electronically maintained record into a clearly legible written form on request of any person who is entitled to inspect the record. The converted records are admissible as evidence and must be accepted for all other purposes to the same extent as original written records. A stock ledger can be maintained either by a corporation or on behalf of the corporation. The bill also makes a series of changes regarding the acceptance and use of electronic transmissions.

Miscellaneous Revisions of General Corporate Law

Senate Bill 137 (passed) alters requirements relating to (1) corporate board vacancies; (2) informal action by stockholders of a corporation; (3) quorums to vote on corporate matters; (4) notice requirements for specified merger agreements; (5) the effective date of a consolidation or merger if the successor is a foreign entity; and (6) the powers of real estate investment trusts.



Part J

Health and Human Services

Public Health – Generally

Opioids and Other Controlled Dangerous Substances

Opioids

While heroin and prescription opioid deaths have begun to taper off, heroin and fentanyl deaths have continued to rise. Between 2016 and 2017, prescription opioid-related deaths in Maryland decreased negligibly (from 418 to 413), while heroin-related deaths decreased by 11% (from 1,212 to 1,078) and fentanyl-related deaths increased by 42% (from 1,119 to 1,594). Between January and June 2018, there were 1,038 deaths related to fentanyl, a 30% increase over the same time period for 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; however, the most recent extension expired January 21, 2019.

In September 2018, the Office of the Attorney General filed charges against Insys Therapeutics (manufacturer of an extremely potent opioid, Subsys) for multiple violations of the Consumer Protection Act. According to the statement of charges, more than 90% of Subsys prescriptions written or filled in Maryland were for patients who should not have received the drug and Insys provided tens of thousands of dollars to prescribers as inducements to prescribe Subsys. In January 2019, the Board of Public Works approved a contract in which outside lawyers from three firms will help the State investigate the opioid industry for potential future litigation.

Should the State prevail in litigation against the opioid industry, monetary settlements may be agreed upon and/or judgements awarded. *House Bill 1274 (passed)* establishes the Opioid Restitution Fund to retain any revenues received by the State relating to such judgments or settlements. The fund may be used only for specified opioid-related programs and services.

House Bill 116 (passed) establishes programs for opioid use disorder screening, evaluation, and treatment (specifically medication-assisted treatment) in local correctional facilities and in the Baltimore Pre-trial Complex. The program begins in four counties and phases in to include all counties and the Baltimore Pre-trial Complex. For further discussion of **House Bill 116**, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Prescription Drug Monitoring Program

Chapter 166 of 2011 established the Prescription Drug Monitoring Program (PDMP) with the primary purpose of monitoring the prescribing and dispensing of Schedule II through V controlled dangerous substances in order to address issues of prescription drug abuse and drug diversion (the transfer of legally prescribed medication to an illicit use). In 2018, the Department of Legislative Services (DLS) conducted a full evaluation of PDMP and found that the program was successfully meeting its statutory duties and mission. **House Bill 466 (passed)** generally implements recommendations of the DLS evaluation, including removing PDMP from evaluation under the Maryland Program Evaluation Act and repealing the program’s termination date. **Senate Bill 195/House Bill 25 (both passed)** require, rather than authorize, PDMP to review prescription monitoring data for indications of (1) possible misuse or abuse of a monitored prescription drug or (2) a possible violation of law or breach of professional standards by a prescriber or dispenser. If either is indicated, PDMP *must* notify and provide education to the prescriber or dispenser. If there is a possible violation of law or breach of professional standards, PDMP *may* provide prescription monitoring data to the Office of Controlled Substances Administration for further investigation under certain circumstances.

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 information to patients, health care providers, growers, dispensers, processors, testing laboratories, and caregivers.

As of January 9, 2019, the commission had issued 15 final and 3 pre-approved grower licenses; 16 final and 2 pre-approved processor licenses; and 71 final and 31 pre-approved dispensary licenses. Additionally, the commission had registered 5 independent laboratories. Furthermore, there were 79,427 registered patients, 54,236 certified patients, 4,890 caregivers, and 1,243 certifying providers.

House Bill 17 (passed), an emergency bill, makes numerous changes to the State’s medical cannabis program, including (1) authorizing an institution of higher education, a related medical facility, or an affiliated biomedical research firm to register with the commission to purchase medical cannabis for research purposes; (2) requiring the commission to allow licensed medical cannabis dispensaries and processors to sell edible cannabis products; (3) increasing from two to three years the length of time a medical cannabis license holder must be actively engaged in the

industry before selling or transferring ownership of the license; (4) expanding legal protections for individuals participating in the State’s medical cannabis program; and (5) restricting medical cannabis advertising.

Senate Bill 426 (passed) requires the commission to allow a person to have an ownership interest in, or control of (including the power to manage and operate), as many as four licensed dispensaries; clarifies the existing limit of one ownership interest for licensed growers; and codifies a limit of one ownership interest for licensed processors. *Senate Bill 426* also explicitly subjects licensed growers, dispensaries, and processors to the Maryland Antitrust Act and the Maryland Sales Below Cost Act.

End-of-life Options

Chapter 700 of 1999 established that any individual who knowingly assists another person’s suicide or suicide attempt is guilty of a felony and subject to a fine of up to \$10,000, imprisonment for up to one year, or both.

Six states and the District of Columbia have carved out exceptions to their prohibitions on assisted suicide, outlining particular circumstances and procedures for terminally ill, competent adults to receive life-ending, self-administered medication from a physician.

In 2015, Maryland considered end-of-life option legislation, largely based on the Oregon statute. Subsequently, a legislative workgroup was convened to study the issue. Legislation was introduced in 2016 and 2017. During the 2019 session, end-of-life option legislation was again introduced. *Senate Bill 311/House Bill 399 (both failed)* would have created a process by which an individual could have requested and received aid in dying from the individual’s attending physician. Eligible individuals would have been required to be an adult who (1) had the capacity to make medical decisions; (2) was a resident of the State; (3) had a terminal illness with a prognosis of death within six months; and (4) had the ability to self-administer medications. Persons who acted in accordance with the bills, and in good faith, would have been shielded from civil and criminal liability and professional disciplinary actions.

Medicaid

Overview and Funding

The Medical Care Programs Administration within the Maryland Department of Health (MDH) is responsible for administering the Medical Assistance Program (Medicaid) and the Maryland Children’s Health Program (MCHP) that provide comprehensive somatic and behavioral health benefits to almost 1.4 million Marylanders. As shown in **Exhibit J-1**, with total funding at just over \$11.2 billion, Medicaid is the largest program in the State’s fiscal 2020 budget, comprising almost one-quarter (24.1%) of total spending.

Exhibit J-1
Total Funding for Medicaid and the Maryland Children's Health Program
Fiscal 2018-2020
(\$ in Millions)

	<u>2018</u>	<u>2019*</u>	<u>2020</u> <u>Appropriation</u>	<u>\$ Change</u> <u>2019*-2020</u>	<u>% Change</u> <u>2019*-2020</u>
General Funds	\$3,208.8	\$3,375.1	\$3,505.4	\$130.3	3.9%
Special Funds	918.9	932.1	902.3	-29.8	-3.2%
Federal Funds	6,680.1	7,041.3	6,834.0	-207.4	-2.9%
Total	\$10,807.8	\$11,348.6	\$11,241.7	\$-106.9	-0.9%

*working appropriation

Note: Deficiency appropriations have been allocated to the appropriate fiscal year. Data reflects actions in the Budget Reconciliation and Financing Act of 2019 to reduce general funds in fiscal 2019 and 2020.

Source: Department of Legislative Services

As also shown in Exhibit J-1, total spending on Medicaid actually declines by \$106.9 million (0.9%) between the fiscal 2019 working appropriation and fiscal 2020 appropriation. This is largely driven by a stagnation in Medicaid enrollment in fiscal 2019 and expectations of modest growth in fiscal 2020.

Year-to-date Medicaid enrollment through March 2019 is down slightly from the fiscal 2019 actual and is over 61,000 (4.2%) lower than budgeted. Enrollment growth in fiscal 2020 is anticipated at only 1.3% above fiscal 2019 year-to-date. Enrollment stagnation can be broadly attributed to relatively high employment levels and the addition of an interface in the Maryland Health Connection to automate quarterly data matches with the federal Public Assistance Reporting Information System to ensure that enrollees are not claiming benefits in multiple states, as well as to determine if the recipient is a federal military or civil service employee/retiree and/or collecting Veterans Administration benefits. The automated process generates work items for caseworker review to allow for the cancellation of coverage, the initiation of an unscheduled redetermination outside of the regular 12-month cycle, or continuation of coverage.

Outside of enrollment, the major pressures driving up Medicaid costs include growth in the Community First Choice (CFC) program (\$67.0 million), based on an expectation of significant enrollment growth in this program, and provider rates. CFC is the collective name for a variety of options for older individuals and individuals with disabilities to continue to live in the community as opposed to institutional settings. DLS anticipates that this expected growth is overstated.

As shown in **Exhibit J-2**, the increase in rates for most provider types is moderated by the impact of calendar 2019 managed care organization (MCO) rates on the fiscal 2020 budget. As is usual, the fiscal 2020 budget makes no assumption for calendar 2020 rates that are currently under development. Similarly, actual inpatient and outpatient rates for fiscal 2020 will be set by the Health Services Cost Review Commission in June 2019. For the fiscal 2020 budget, the same increase as provided in fiscal 2019 is assumed.

Exhibit J-2
Medicaid/Maryland Children’s Health Program
Provider Rate Increases and Assumptions
Fiscal 2020
(\$ in Millions)

Nursing Homes (3%)	\$35.5
Behavioral Health (3.5%)	32.5
Inpatient and Outpatient (1.1%)	13.1
Community First Choice (3%)	11.2
Physician Evaluation and Management Codes (to 93% of Medicare rates)	4.8
Medical Day Care (3%)	3.7
Private Duty Nursing (3%)	3.3
Home- and Community-based Services (3%)	0.7
Personal Care (3%)	0.3
Rare and Expensive Case Management Services (3%)	0.3
Managed Care Organization Calendar 2019 Increase (-1.7%)	-80.0
Total	\$25.4

Source: Department of Legislative Services

Finally, while the overall Medicaid budget declines between fiscal 2019 and 2020, general fund support increases by \$130.3 million (3.9%). Most general fund growth in the fiscal 2020 budget can be attributed to the increase in the State match for the Affordable Care Act expansion population (to 8.5%) and the MCHP population (to 20.6%). In addition, reliance on special fund support declines by \$29.8 million from fiscal 2019 to 2020, almost entirely driven by a reduction of \$25.0 million in support from the Medicaid Deficit Assessment imposed on Maryland hospitals to support the Medicaid program.

Legislation

Medicaid home- and community-based waivers allow individuals to receive long-term care services in the community rather than an institutional setting. *Senate Bill 699 (passed)* prohibits MDH from denying an individual access to a waiver due to lack of funding for the waiver if (1) the

individual is living at home or in the community at the time of application; (2) the individual received home- and community-based services through CFC for at least 30 consecutive days; (3) the individual will be or has been terminated from Medicaid due to becoming eligible for or enrolled in Medicare; (4) the individual meets all of the eligibility criteria for participation in the waiver within six months after the completion of the application; and (5) the home- and community-based services provided for the individual would qualify for federal matching funds.

Maryland Medicaid has established certain criteria for individuals to be eligible for new hepatitis C therapies, including having a diagnosis with chronic hepatitis C and a liver fibrosis corresponding to a Metavir score (a measure of liver damage or fibrosis) of F2 or greater. However, the fiscal 2020 budget includes \$29.3 million to expand access to hepatitis C treatment for Medicaid enrollees with a Metavir score of F1 or more. *Senate Bill 598 (passed)* requires Medicaid, subject to the limitations of the State budget, to provide medically appropriate drugs that are approved by the U.S. Food and Drug Administration for the treatment of hepatitis C, regardless of the fibrosis score, and that are determined to be medically necessary. Language added to the fiscal 2020 budget restricts funding within the Medicaid budget to allow access to treatment regardless of the fibrosis score.

House Bill 589 (passed), an emergency bill, requires Medicaid to contract with an independent auditor for an audit of pharmacy benefits managers (PBM) that contract with Medicaid MCOs. By December 1, 2019, Medicaid must provide the results of the audit to the General Assembly. By January 1, 2020, MDH, in consultation with the Maryland Insurance Administration, must develop recommendations for an appeals process for decisions made in accordance with contracts between a PBM and an MCO and report the recommendations to the General Assembly. By July 1, 2020, MDH *may* apply for a federal waiver, subject to the limitations of the State budget, to provide professional dispensing fees or other measures for pharmacies to ensure access to pharmacy services.

Senate Bill 524/House Bill 605 (both passed) require MDH to include psychiatric nurse practitioners providing Assertive Community Treatment or mobile treatment services in any regulations that specify the types of health care providers eligible to receive reimbursement for telemedicine health care services.

Behavioral Health

Services and Programs

According to the U.S. Department of Veterans Affairs, the risk for suicide is 22% higher among veterans compared with U.S. civilian adults. In Maryland there were a total of 89 veteran suicides in 2014, with a suicide rate of 23.1 per 100,000. *Senate Bill 521 (passed)* seeks to address veteran suicide by requiring MDH to develop a comprehensive action plan to increase access to and availability of professional veteran mental health services. By July 1, 2020, MDH must report to the Governor and the General Assembly on any statutory, administrative, and budgetary changes needed to implement the action plan, which must include (1) short-term initiatives and reforms

and a plan for implementation by July 1, 2021, and (2) long-term initiatives and reforms and a plan for implementation by July 1, 2023.

Outpatient civil commitment (OCC) involves providing court-ordered community-based services, including medication, to adults with severe mental illness who are nonadherent to treatment. Chapters 576 and 577 of 2017 authorized the Behavioral Health Administration (BHA) to establish an OCC pilot program to allow for the release of an individual who is involuntarily admitted for inpatient treatment on condition of the individual's admission into the pilot program. As such, an OCC pilot program, limited to Baltimore City residents and funded by federal grants, was established. *Senate Bill 403/House Bill 427 (both passed)* require BHA to allow an eligible individual to request enrollment in, and allow an immediate family member of an eligible individual to request voluntary enrollment for the individual in, the existing OCC pilot program.

Medical Directors

Generally, outpatient mental health centers are required to have a medical director who is a psychiatrist and who is on site for at least 20 hours per week. Due to the shortage of psychiatrists, especially in rural areas of the State, some facilities have difficulty recruiting and retaining medical directors. Several bills were introduced to address this issue. *Senate Bill 178/House Bill 570 (both passed)* require regulations governing behavioral health programs to include a provision authorizing an outpatient mental health center to satisfy any regulatory requirement that the medical director be on site through the use of telehealth by the director. *Senate Bill 944 (passed)* and *House Bill 1122 (passed)* require MDH to adopt regulations authorizing a psychiatric nurse practitioner to serve as a medical director of an accredited outpatient mental health center, including through the use of telehealth.

Vital Statistics and Records

Under the Health-General Article, a local health department or the Motor Vehicle Administration may access electronic records from MDH of a certified or abridged copy of a registered birth certificate and provide a certified or abridged copy of a registered birth certificate to an authorized person. *Senate Bill 543 (passed)* requires MDH to develop and implement security protocols and other protections to ensure a person without authorization is prohibited from accessing any vital records and minimize the disclosure of, and access to, medically sensitive information from the vital records database by employees not employed with MDH. The bill also authorizes the Secretary of Health, on request, to provide the State-designated health information exchange (HIE) with select information from death certificates to allow linkage of the data to the HIE's master patient index such that a date of death may be associated and stored with the records of those patients who have died.

Generally, a death certificate must be completed by either the medical examiner, if the medical examiner takes charge of the body, or the physician, physician assistant, or nurse practitioner who last attended the deceased. *Senate Bill 1012/House Bill 1400 (both passed)* authorize a physician designated by the State Anatomy Board to complete a death certificate if the attending physician, physician assistant, or nurse practitioner is unavailable and the board has

failed after a good faith effort to make contact with such individuals within 72 hours of taking charge of the body. However, the physician designated by the board must enter “unspecified natural causes” as the cause of death. If new information about the cause of death is obtained at a later date, the designated physician must send a report of the cause of death to the Secretary of Health.

Food Safety

A cottage food product is a nonhazardous food that is sold in the State directly to a consumer from a residence, at a farmer’s market or a public event, by personal delivery, or by mail delivery. *Senate Bill 290/House Bill 527 (both passed)* expand the definition of cottage food product to include food sold to a retail food store, including a grocery store or a food cooperative.

Prior to selling a cottage food product to a retail store, the owner of a cottage food business must submit to MDH (1) documentation of the owner’s successful completion of an MDH-approved food safety course and (2) the label that will be affixed to the product. The label must include the phone number and email address of the cottage food business and the date the cottage food product was made.

Chapter 90 of 2018 established the Workgroup on the Licensing of Food Service Facilities within MDH. The workgroup submitted its report in January 2019. *House Bill 522 (passed)* implements several of the recommendations of the workgroup, including allowing temporary food service facility permits to last 30 consecutive days to reduce the administrative burden for recurring events, allowing licensing decisions for excluded organizations to be rescindable, and amending regulations to exempt excluded organizations from restrictions on serving potentially hazardous foods prepared in private kitchens if certain food safety measures are taken.

Environmental Health Concerns

House Bill 1233 (passed) redefines elevated blood lead level as it applies to specified provisions of law that initiate case management, notification, and lead risk reduction requirements. The Maryland Department of the Environment must adopt regulations for conducting environmental investigations to determine lead hazards and include a summary of the results of any environmental investigation conducted pursuant to the bill in its annual report on statewide childhood blood lead testing. The bill also modifies provisions regarding when an affected property owner is required to satisfy the modified risk reduction standard. For further discussion of this bill, see the subpart “Environment” within Part K – Environment of this *90 Day Report*.

House Bill 1160 (passed) establishes the Breathe Easy East Baltimore Pilot Program in the Baltimore City Health Department (BCHD) to provide and study the effects of asthma remediation services on eligible households in consultation with the Green and Healthy Homes Initiative. By December 1, 2024, BCHD must report to the Governor and the General Assembly. In fiscal 2021, the Governor must include an appropriation of \$100,000 in the State budget to BCHD for the administration of the pilot program. Asthma remediation services provided by the pilot program

may include cleaning, education, structural interventions, and any other services BCHD, in consultation with the Green and Healthy Homes Initiatives, determines to be necessary.

Health Awareness, Studies, and Prevention

Councils, Committees, and Commissions

Approximately 130,000 Marylanders are expected to have Alzheimer’s disease or related dementia by 2025. *Senate Bill 522/House Bill 571 (both passed)* alter the membership and duties of the Virginia I. Jones Alzheimer’s Disease and Related Disorders Council and require the council to submit a report to the Governor and the General Assembly on the activities and recommendations of the council by September 1 each year.

Chapter 435 of 2007 established the Statewide Steering Committee on Services for Adults with Sickle Cell Disease to establish institutional and community partnerships and a statewide network of stakeholders who care for individuals with sickle cell disease (SCD). *Senate Bill 600/House Bill 761 (both passed)* alter the membership of the steering committee and expand the intent of the Sickle Cell Anemia Subtitle within the Health-General Article to include providing resources for detecting SCD and supporting individuals with SCD. The bills also authorize MDH, in consultation with the steering committee, to provide specified services related to SCD in the State.

The State Commission on Kidney Disease, among other duties, is responsible for adopting physical and medical standards for the operation of dialysis and transplant centers and certifying treatment centers that meet adopted standards. *Senate Bill 796 (passed)* prohibits specified members of the commission from having direct ownership of more than 30% in renal dialysis or kidney transplant centers that do business in the State. The bill also decreases, from three to two, the number of names specified organizations must submit to the Governor for appointment to the commission.

Human Immunodeficiency Virus Prevention

A minor has the same capacity as an adult to consent to (1) treatment for or advice about venereal disease, pregnancy, contraception other than sterilization, drug abuse, and alcoholism; (2) physical examination and treatment of injuries from, or to obtain evidence of, an alleged rape or sexual offense; and (3) initial medical screening and physical examination on and after admission of the minor into a detention center. A minor also has the same capacity as an adult to consent to medical treatment if, in the judgment of the attending physician, the life or health of the minor would be affected adversely by a delay of treatment to obtain another individual’s consent. *Senate Bill 251/House Bill 1183 (both passed)* extend to a minor the same capacity as an adult to consent to treatment for the prevention of human immunodeficiency virus (HIV).

Postexposure prophylaxis (PEP) is an emergency treatment of antiretroviral medicines taken after being potentially exposed to HIV to prevent infection. *Senate Bill 657/House Bill 1249 (both passed)* establish the Pilot Program for Preventing HIV for Rape Victims to prevent

HIV infection for victims of an alleged rape or sexual offense or victims of alleged child sexual abuse. The Governor's Office of Crime Control and Prevention must administer the program. A qualifying victim must be provided with a full course of treatment and follow-up care for PEP for the prevention of HIV, at the victim's request, and as prescribed. Treatment must be provided free of charge under specified circumstances. The Criminal Injuries Compensation Board must reimburse a physician, qualified health care provider, or hospital for services and treatments provided.

In July 2016, the National Institute for Occupational Safety and Health released a fact sheet summarizing findings from a multi-year study on the incidence of cancer in firefighters. The study generally found that firefighters had a greater rate of cancer diagnoses and cancer-related deaths compared to the general population. *Senate Bill 727 (passed)* establishes the Professional and Volunteer Firefighter Innovative Cancer Screening Technologies Program in MDH to provide grants to local fire departments and volunteer fire companies and departments to procure innovative cancer screening tests that are not otherwise conducted during routine physical examinations or not covered by insurance. The goal of the program is to reduce cancer mortality among firefighters while advancing the adoption of novel technologies that may also benefit the health of Marylanders and the economy of the State. The Governor must include at least \$100,000 in the annual budget for the program beginning in fiscal 2021.

Maternal and Child Health

Chapters 558 and 559 of 2018 established the 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. *Senate Bill 406/House Bill 520 (both passed)* increase, from \$50,000 to \$100,000, the amount of funding the Governor must provide to the fund. The bills also establish the Task Force on Maryland Maternal and Child Health to study and make recommendations on (1) how the policies of MDH can be used to incentivize early intervention and prevention of key adverse health outcomes and (2) how State policies and payment mechanisms can support community- and school-based models of care, encourage partnerships under the all-payer model to improve child care, assist in collaborations with public health care, and use specified data in Medicaid to monitor improvements and develop appropriate programs in Medicaid.

Chapter 74 of 2000 established Maryland's Maternal Mortality Review Program. Maternal mortality reviews are conducted by a committee of clinical experts from across the State, the Maternal Mortality Review Committee. The program must submit an annual report on findings, recommendations, and program actions to the Governor and the General Assembly. *Senate Bill 356/House Bill 583 (both passed)* require the program, in consultation with the Office of Minority Health and Health Disparities, to make recommendations to reduce any disparities in the maternal mortality rate, including recommendations related to social determinants of health. The program must also include in its annual report a section on racial disparities that contains specified information.

Under Maryland law, there are three types of local fatality review teams: local child fatality review teams; local drug overdose fatality review teams; and local domestic violence fatality review teams. Each county is *required* to have a child fatality review team (or a multicounty local team), while counties are *authorized* to establish a drug overdose fatality review team or a domestic violence fatality review team. ***House Bill 796 (passed)*** authorizes the establishment of a multidisciplinary and multiagency maternal mortality review team in each county to prevent maternal deaths. The bill establishes the membership and responsibilities of a local team, specifies confidentiality and disclosure provisions, and establishes penalties for violation of certain disclosure and confidentiality provisions. MDH is authorized to release specified data under specified circumstances. The Maternal Mortality Review Program and local maternal mortality review committees must be provided with specified information, to the extent allowed by law, regarding a woman whose death is under review.

Dental Health

Senate Bill 158/House Bill 332 (both passed) establish the Community Dental Clinics Grant Program in MDH. On the recommendation of the Secretary of Health, the Board of Public Works may make grants to counties, municipal corporations, and nonprofit organizations for (1) the conversion of public buildings to community dental clinics; (2) the acquisition of existing buildings for use as community dental clinics; (3) the renovation of community dental clinics; (4) the purchase of capital equipment for community dental clinics; or (5) the planning, design, and construction of community dental clinics.

Miscellaneous Health Programs and Requirements

Tobacco

House Bill 1169 (passed), among other provisions, raises the minimum age, from 18 to 21, for an individual to purchase or be sold tobacco products. The bill exempts active duty military members who are at least age 18 and present valid military identification from the bill’s minimum age requirement. For a further discussion of this bill, see subparts “Criminal Law” within Part H – Business and Economic Issues of this *90 Day Report*.

Family Planning

On February 22, 2019, the U.S. Department of Health and Human Services issued the final rule to revise regulations governing the Title X Family Planning Program. The rule, published in the Federal Register on March 4, 2019, among other things, (1) requires that Title X funded activities have full physical and financial separation from abortion-related activities, which in effect blocks the availability of funding to providers that also offer abortion services; (2) eliminates current requirements that Title X sites offer a broad range of medically approved family planning methods and services; and (3) prohibits counseling and referral for abortion as a method of family planning. Twenty-two states (including Maryland) and the District of Columbia have filed suit against the rule. At least two states (Oregon and Washington) have indicated that they will opt out of receiving Title X funding under the revised rule. ***Senate Bill 904/House Bill 1272 (both passed)*** prohibit MDH from accepting any federal funding under Title X if the program (1) excludes family

planning providers and (2) does not require such providers to provide a broad range of acceptable and effective medically approved family planning methods and services. If MDH does not accept Title X program funds, the Governor must fund Maryland's Family Planning Program at the same level as total funding provided in the preceding fiscal year.

Tanning Beds

Senate Bill 299/House Bill 124 (both passed) prohibit an owner, employee, or operator of a tanning facility from allowing a minor younger than age 18 to use a tanning device. MDH must develop and make available to each tanning facility a notice that contains specified information. An owner, employee, or operator must post the notice in a conspicuous place in the facility. The restrictions on tanning facilities do not apply to the use of any "phototherapy device" by a health care practitioner acting within the scope of their license, or by order of a health care practitioner acting within the scope of their license. Violators are subject to existing civil penalties.

Medical Laboratories

In Maryland, entities must have a Maryland license to perform laboratory tests. Laboratories are prohibited from advertising or soliciting business from anyone except for physicians, medical laboratories, or other health entities. A violation of these provisions is a misdemeanor, subject to a maximum fine of \$100 for a first offense and \$500 for each subsequent conviction for a violation of the same provision. Each day a violation is continued after the first conviction is a subsequent offense. *Senate Bill 495 (passed)* authorizes a person, subject to certain limitations, to directly or indirectly advertise for or solicit business in the State for (1) a diagnostic laboratory test or procedure that is ordered by a physician and performed by a medical laboratory certified under federal law, as specified, and (2) specified ancestry testing. The Secretary of Health may take legal action to restrict the marketing of a diagnostic laboratory test or procedure under specified circumstances.

Health Occupations

Acupuncturists

Senate Bill 303/House Bill 404 (both passed) alter the education requirements to qualify for licensure as an acupuncturist and modify the definitions of "acupuncture" and "practice acupuncture." Specifically an applicant must graduate from at least a master's level program or its equivalent in acupuncture, and the program must be approved by the Maryland Higher Education Commission, accredited by the Accreditation Commission for Acupuncture and Oriental Medicine, or found by the State Acupuncture Board to be equivalent to a course approved or accredited by the board.

Board of Professional Counselors and Therapists

Senate Bill 958/House Bill 1104 (both passed) make revisions and changes to the statute governing professional counselors and therapists. The bills (1) require the State Board of

Professional Counselors and Therapists to consult a board member who is a licensed clinical professional counselor before taking disciplinary action against a clinical professional counselor; (2) alter coursework and examination requirements for a license to practice clinical professional art therapy; (3) repeal an obsolete provision waiving requirements for the practice of clinical professional art therapy for applicants with specified certification and training; (4) define “advanced assessment activities”; (5) establish application requirements for applicants for trainee status; (6) extend specified provisions governing the denial, suspension, probation, or revocation of a license or certificate to trainees; (7) specify that the Criminal Justice Information System Central Repository must provide the State “rap back” service for the board; (8) alter information required to be included on licenses and certificates issued by the board; and (9) require the board to maintain an electronic roster.

Dental Hygienists

A licensed dental hygienist is authorized to perform a preliminary dental exam; perform a complete prophylaxis, including the removal of any deposit, accretion, or stain from the tooth surface or restoration; polish a tooth or restoration; chart cavities, restorations, missing teeth, periodontal conditions, and other features observed; apply a medicinal agent to a tooth for a prophylactic purpose; take a dental X-ray; or perform any other intraoral function authorized by the State Board of Dental Examiners.

Historically, a dental hygienist in Maryland has practiced under the indirect supervision of a dentist, meaning the dentist authorizes the procedure and remains in the office while it is being performed. To more efficiently serve patients and promote proper preventive oral health care, dentistry practices in Maryland have trended toward permitting hygienists to work under less restrictive supervisory requirements. *House Bill 738 (passed)* authorizes a dental hygienist practicing under the general supervision of a licensed dentist to practice in a “facility” that includes nursing homes, physician’s offices, or group homes, rather than only in a long-term care facility. The bill also alters the requirements that a dental hygienist must follow when practicing under the general supervision of a dentist, both with and without the presence of the supervising dentist.

Health Care Providers – Generally

In 2007, the American College of Obstetricians and Gynecologists issued a committee opinion regarding professional responsibilities in obstetric/gynecologic education that stated: “Physicians must learn new skills in a manner consistent with their ethical obligations to benefit the patient, to do no harm, and to respect a patient’s right to make informed decisions. Patients should be given the opportunity to consent to or refuse treatment by students.” Although this is an official opinion, it is not a legal requirement. *Senate Bill 909/House Bill 364 (both passed)* codify this requirement by prohibiting a “health care practitioner” or a student or trainee in a program to become a health care practitioner from performing a pelvic, prostate, or rectal examination on a patient who is under anesthesia or unconscious unless (1) the patient has given informed consent for the examination; (2) the examination is within the standard of care for the patient; (3) the patient is unconscious and the examination is required for diagnostic or treatment purposes; or (4) an emergency exists, it is impractical to obtain the patient’s consent, and the examination is required

for diagnostic or treatment purposes. A health occupations board, in accordance with existing hearing procedures, is authorized to discipline a health care practitioner under its authority for any violation of this prohibition.

Pursuant to Chapters 255 and 256 of 2013, the Maryland Department of Health (MDH) conducted a study of the feasibility and desirability of requiring all Maryland vaccination providers who administer vaccinations to report to ImmuNet, Maryland's immunization registry. MDH subsequently recommended that all Maryland health care providers should be required to report to ImmuNet by October 2015. *House Bill 316 (passed)* requires health care providers or their agents to report to ImmuNet all vaccines administered. The requirement does not apply to a health care provider who administers a vaccine in a nursing facility, assisted living program, continuing care retirement community, or medical day care program.

Optometrists

Senate Bill 447/House Bill 471 (both passed) alter various provisions relating to the practice of optometry for therapeutically certified optometrists (TCO), including the circumstances under which a TCO may (1) administer and prescribe pharmaceutical agents; (2) treat glaucoma subject to specified restrictions; (3) perform specified procedures; and (4) order nongenetic blood tests. The definition of "practice optometry" is also altered. The State Board of Examiners in Optometry, instead of several professional associations, is required to adopt regulations to establish quality care standards for optometric care. The bills also require TCOs to obtain additional training in advanced pharmacology with a specified concentration by July 1, 2020, with limited exceptions. A TCO must meet the additional training requirement of a specified 10-hour course by July 1, 2020. However, this additional training may be satisfied by a course offered through a statewide association or nonprofit association at little or no financial cost and counted toward the total number of hours of continuing education (36 hours every two-year renewal cycle).

Physical Therapists

According to the Physical Therapy Compact Commission, the commission came into existence on April 25, 2017. Twenty-one states have enacted compact legislation, including West Virginia. As of February 2019, only 9 states are actively issuing and accepting compact privileges. An additional 5 states are considering compact enabling legislation during their 2019 legislative session. The purpose of the compact is to facilitate interstate practice of physical therapy with the goal of improving public access to physical therapy services. The compact intends to preserve the regulatory authority of states to protect public health and safety through the current system of state licensure. *Senate Bill 652/House Bill 648 (both passed)* enter Maryland into the Interstate Physical Therapy Licensure Compact for physical therapists and establish (1) specified procedures and requirements for physical therapists to obtain and maintain a compact privilege to practice physical therapy in a member state; (2) the composition, powers, and responsibilities of the Physical Therapy Compact Commission; and (3) requirements related to the oversight, dispute resolution, and enforcement of the compact.

Physicians

Under the Health Occupations Article, an unlicensed individual may perform specified duties delegated by a physician, including X-ray duties. However, certain X-ray duties may not be delegated to an unlicensed individual, including fluoroscopy. *Senate Bill 733/House Bill 924 (both passed)* authorize a licensed physician to delegate duties to a registered cardiovascular invasive specialist assisting in fluoroscopy. The physician must be physically present and personally direct each act performed by the registered cardiovascular invasive specialist. The State Board of Physicians may impose a civil penalty of up to \$5,000 for each instance of a hospital's failure to comply with specified requirements. The Maryland Health Care Commission must conduct a review of hospital cardiac catheterization laboratories in the State and submit its findings to the Governor and the General Assembly by October 1, 2023.

Under the Maryland Pharmacy Act, a person must be licensed by the State Board of Pharmacy in order to practice pharmacy in the State, which includes the dispensing of prescription drugs. "Dispensing" means the procedure that results in the receipt of a prescription or nonprescription drug or device by a patient or the patient's agent and that entails (1) the interpretation of an authorized prescriber's prescription for a drug or device; (2) the selection and labeling of the drug or device prescribed pursuant to that prescription; and (3) measuring and packaging of the prescribed drug or device in accordance with State and federal laws. *Senate Bill 916/House Bill 1288 (both passed)* authorize a licensed physician to dispense a topical medication approved by the U.S. Food and Drug Administration for the treatment of hypotrichosis if the physician complies with specified sections of the Maryland Pharmacy Act and receives a special class of written permit from the State Board of Physicians.

Program Evaluation ("Sunset Review")

Approximately 70 regulatory entities and activities are subject to periodic evaluation under the Maryland Program Evaluation Act (MPEA), which establishes a process better known as "sunset review" because most of the entities subject to review are also subject to termination. *Senate Bill 640/House Bill 1113 (both passed)* eliminate the evaluations required under MPEA, although the termination dates for the various entities subject to the law are maintained. Instead, the entities that are subject to MPEA may be evaluated in accordance with a work plan developed by the Department of Legislative Services (DLS), while responsibility to introduce reauthorizing legislation is placed on the entities. For more information on these bills, see the subpart "General Assembly" within Part C – State Government of this *90 Day Report*.

In 2016, DLS completed a full sunset evaluation of the Maryland Board of Physicians. DLS found that the board generally fulfilled its stated mission to protect the public by effectively regulating physicians and allied health professionals. DLS recommended that the General Assembly extend the termination date of the board and its allied health advisory committees for an additional five years and that the scope of the next sunset evaluation be limited to (1) implementation of recommendations made in the report; (2) the efficacy of the two-panel disciplinary system; and (3) the impact of criminal history records checks on the board and licensees. Additionally, DLS recommended that the board include certain additional information

in follow-up reports. *House Bill 638 (passed)* advances, from July 1, 2023, to June 1, 2020, the termination date for the State Board of Physicians and the allied health professional committees, subject to the evaluation and reestablishment provisions of MPEA, and advances, from 2021 to 2019, the date of the next full evaluation of the board under MPEA.

Health Care Facilities and Regulation

University of Maryland Medical System Corporation

In response to allegations of self-dealing and unethical practices by board members, *Senate Bill 619 (passed)* and *House Bill 1428 (passed)*, both emergency bills, require extensive reforms to the Board of Directors of the University of Maryland Medical System Corporation (UMMSC), including reconstituting the board and prohibiting a member from being a State or local elected official. The appointment of board members in office on the effective date of the bills must end in three phases: (1) approximately one-third on July 1, 2019; (2) approximately one-third on October 1, 2019; and (3) the remaining members on January 1, 2020. However, a board member whose appointment ends may apply for reappointment. The reappointment of a member or the appointment of a new member by the Governor is subject to the advice and consent of the Senate. Board members serve a five-year term from the date of appointment and may not serve more than two consecutive terms.

A member of the board may not intentionally use the prestige of their office or public position for the member's private gain or that of another. Each member must annually submit a disclosure of financial interest, including any potential conflicts of interest, to the Health Services Cost Review Commission. By May 31, 2019, the board must adopt a conflict of interest policy that includes (1) standards for the disclosure of financial interest, board member participation in contracts with UMMSC, and recusal from voting; (2) a requirement that a board member may not use the member's position on the board for personal gain when contracting with UMMSC; and (3) a requirement that a board member provide an attestation of any business relationship with UMMSC or any affiliate of UMMSC.

UMMSC is prohibited from using sole source procurement to award a contract to an active member of the board, or a business entity that employs or has an affiliation with an active member, and the Governor must remove a board member who has benefited from a sole source procurement. UMMSC may not provide a preference for the award of a contract to an active member of the board or a business entity that employs or has an affiliation with an active member. The award of a contract or the making of a payment to a board member or an associated business of a member is subject to the approval of the full board of directors and the recommendation of UMMSC's compliance officer. The board must develop a policy governing contracts with and payments to a board member or members of board of directors of hospitals affiliated with UMMSC by UMMSC or the affiliated hospital. The board must annually submit a report to the Governor, the President of the Senate, and the Speaker of the House of Delegates on the policy and how the board has ensured compliance of the policy by the affiliated hospitals.

By May 15, 2019, UMMSC must competitively bid for a certified public accounting firm to conduct a performance audit of its administrative and financial offices to evaluate the efficiency and effectiveness of financial management practices, including procurement and contracting. The certified public accounting firm must consult with the Joint Audit Committee and the Office of Legislative Audits (OLA) on the scope and objectives of the audit. By December 31, 2019, UMMSC must submit the audit to the Governor, the President of the Senate, and the Speaker of the House of Delegates. By December 31, 2022, UMMSC must submit a repeat performance audit conducted during calendar 2022 to the Governor, the President of the Senate, and the Speaker of the House of Delegates.

The board must also conduct an internal review of board policies and procedures and report the findings and any recommendations for improvements to the Governor, the President of the Senate, the Speaker of the House of Delegates, and OLA by December 31, 2019. OLA must review and comment on the report to the Joint Audit Committee, the Senate Finance Committee, and the House Health and Government Operations Committee.

OLA must conduct a forensic audit of UMMSC for calendar 2016 through the effective date of the bills. The forensic audit must examine and evaluate specified conduct related to the associated business of all board members, contracts with or payments to board members by UMMSC, and UMMSC's procurement practices when contracting with board members. OLA must report its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Delegates by December 15, 2019.

Hospitals and Related Institutions

Certificate of Need Requirements

The certificate of need (CON) program requires the review and approval of certain types of proposed health care facility and service projects by the Maryland Health Care Commission (MHCC) in order to ensure that new health care facilities and services are developed only as needed. *House Bill 626 (Ch. 15)*, an emergency bill, exempts a health care facility from the general requirement to obtain a CON before changing the bed capacity of a health care facility if the change in bed capacity will occur in (1) a licensed intermediate care facility that offers residential or intensive substance-related disorder treatment services or (2) an existing, licensed general hospice program. The Act also requires MHCC to (1) review the chapter of the State Health Plan on Psychiatric Services, Emergency Medical Services and (2) if regulations are not adopted that update the chapter by December 30, 2019, provide a report on the review of the chapter to specified committees of the General Assembly by December 30, 2019.

Senate Bill 597/House Bill 646 (both passed) increase the threshold below which a CON is generally not required when a hospital intends to make specified capital expenditures, from \$10 million to the hospital capital threshold, which is defined as the lesser of 25% of a hospital's gross regulated charges for the immediately preceding year or \$50 million. The bills also require MHCC to adopt the State Health Plan annually by October 1, and specify that the plan must be consistent with the Maryland All-Payer Model Contract. MHCC must annually, or on petition by

any person, determine the chapter or chapters of the State Health Plan that should be reviewed and revised and establish, at a public meeting, the priority order and timeline of the review and revision.

Senate Bill 940/House Bill 931 (both passed) modify CON requirements related to (1) changes in health care services offered and (2) capital expenditures related to a health care facility other than a hospital. The bills also require a specified CON filed after October 1, 2019, to be deemed approved if (1) the CON is uncontested and (2) final action by MHCC does not occur within 120 days after the application for the CON was docketed. Finally, the bills alter the definition of ambulatory surgical facility and repeal an associated CON exemption.

Patient's Rights and Safety

Each hospital administrator is responsible for making available to each patient in the hospital a copy of the patient's bill of rights that the hospital adopts under Joint Commission (formerly the Joint Commission on Accreditation of Hospitals) guidelines. The patient's bill of rights must include a statement that the patient has a right to expect and receive appropriate assessment, management, and treatment of pain as an integral component of the patient's care. *Senate Bill 301/House Bill 145 (both passed)* establish additional duties for a hospital administrator and specify the minimum required contents of a hospital patient's bill of rights. A hospital administrator must provide each patient with a written copy of the patient's bill of rights, conspicuously post copies of the patient's bill of rights on the hospital's website and in certain areas of the hospital, and provide annual training to all patient care staff on the patient's bill of rights. The Office of Health Care Quality (OHCQ) must monitor the compliance of each hospital with the patient's bill of rights requirements. The Maryland Department of Health must report to the General Assembly on hospital compliance by January 1, 2021.

In October 2018, the Office of the Attorney General announced a settlement with Neiswanger Management Services, LLC (NMS), formerly an operator of five nursing facilities in Maryland, and its owner, Matthew Neiswanger. In a civil case filed in the circuit court for Montgomery County in December 2016, the State alleged that NMS had engaged in unfair, unsafe, and unlawful discharge practices affecting hundreds of residents and had submitted false claims to the Medicaid program. *House Bill 592 (passed)* alters requirements related to the discharge or transfer of a resident from a comprehensive or extended care facility. The bill (1) specifies additional resident rights; (2) expands the required contents of a discharge or transfer form; (3) requires the development of a specified post-discharge plan; and (4) places additional restrictions on the discharge of a resident without informed consent. The bill authorizes the Attorney General to request that a court impose a civil penalty of up to \$100,000 for each violation by a facility of specified provisions related to the transfer or discharge of a resident, the required notice of discharge or transfer, or an involuntary discharge. The bill also expands the available relief following nonpayment by a resident to include a circuit court injunction compelling a resident to pursue with due diligence a Medicaid application.

Resources for Hearing Loss

Each hospital that provides obstetrical services in the State must screen all newborns for hearing loss. As a follow-up to this screening, to the extent practicable, *Senate Bill 677/House*

Bill 1384 (both passed) require hospitals to provide information before discharge to a parent or legal guardian of specified newborns that includes locations for subsequent testing and resources on language and communication mode options for communicating with the child. For a further discussion of both bills, see subparts “Education – Primary & Secondary” and “Higher Education” within Part L – Education of this *90 Day Report*.

Health Care Facility Funding and Support

Chapter 214 of 1990 established the Community Mental Health, Addiction, and Developmental Disabilities Facilities Capital Program (now known as the Community Health Facilities Grant Program). Grants awarded under this capital program may be used for projects involving a community mental health, addiction, or developmental disabilities facility that is wholly owned and operated by a county, municipal corporation, or nonprofit organization. Chapter 277 of 2005 established the Federally Qualified Health Centers (FQHC) Grant Program. Grants awarded under this capital program may be used for projects involving a facility designated as an FQHC under the Federal Public Health Service Act and wholly owned and operated by a county, municipal corporation, or nonprofit organization. **Senate Bill 164/House Bill 155 (both passed)** increase the percentage of eligible costs that a State grant may cover, after federal funds have been applied, from 50% to 75% for specified projects and from 75% to 90% for specified projects eligible for poverty area funding within the Community Health Facilities Grant Program and the FQHC Grant Program.

The Maryland Trauma Physician Services Fund (MTPSF) is used to subsidize uncompensated and undercompensated care incurred by trauma physicians, costs incurred by a trauma center to maintain trauma physicians’ on-call, and the costs to administer and audit reimbursement requests to assure appropriate payments are made from the fund. MTPSF is financed by a \$5 surcharge on all Maryland vehicle registrations. **Senate Bill 901/House Bill 607 (both passed)** expand the purpose of MTPSF to include subsidizing the documented costs incurred by the State Primary Adult Resource Center (PARC) to maintain trauma surgeons, orthopedic surgeons, neurosurgeons, and anesthesiologists on-call and on standby as required by the Maryland Institute for Emergency Medical Services Systems. MHCC must develop guidelines for the reimbursement of the documented costs of PARC.

Health Insurance

Affordable Care Act Litigation

A principal feature of the federal Patient Protection and Affordable Care Act (ACA) is an individual mandate that requires each individual to have minimum essential health insurance coverage or make a “shared responsibility payment” with their federal income tax return. In December 2017, the federal Tax Cut and Jobs Act of 2017 (TCJA) eliminated the tax penalty for failure to comply with the mandate effective tax year 2019. In response, in February 2018, 20 states filed suit in *Texas v. United States*, stating that the ACA (as amended by TCJA) is unconstitutional as it is not supported by a tax penalty and, thus, not a valid exercise of Congress’ power to tax.

On December 14, 2018, Judge Reed O'Connor issued a grant of summary judgment declaring the entire ACA invalid. On December 30, 2018, Judge O'Connor reaffirmed this decision and issued a stay and partial final judgment on the claim that the ACA's individual mandate is unconstitutional. This permitted immediate appeal and allows the ACA to remain in full effect pending appeal. In January 2019, the defendant U.S. Department of Justice (DOJ) and 17 state attorneys general appealed the case to the Fifth Circuit. While DOJ had originally defended the ACA, it took a new position in March 2019 that the entire ACA should be invalidated now that the individual mandate penalty was eliminated, a position aligning itself with the plaintiff states. The next round of filings (from the plaintiffs and DOJ) is due April 24, 2019.

Health Insurance Consumer Protections

Chapter 17 of 2017 established the Maryland Health Insurance Coverage Protection Commission to (1) monitor federal changes to the 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. Chapters 37 and 38 of 2018 altered the membership and charge of the commission to include studying and making recommendations for individual and group health insurance market stability.

Senate Bill 868/House Bill 697 (both passed) express that the General Assembly finds and declares that it is in the public interest to ensure that the health care protections established by the ACA continue to protect Maryland residents. The bills extend the commission for an additional three years through June 30, 2023. The commission must establish a workgroup to monitor actions relating to the ACA and determine the most effective manner of ensuring that Maryland consumers can obtain and retain quality health insurance, independent of any action or inaction on the part of the federal government or any changes to federal law or its interpretation. The commission must include the findings of the workgroup in its 2019 annual report.

Maryland Easy Enrollment Health Insurance Program

Senate Bill 802/House Bill 814 (both passed) establish the Maryland Easy Enrollment Health Insurance Program to (1) establish a State-based reporting system to provide information about the health insurance status of State residents through the use of State income tax returns; (2) determine whether an uninsured individual who is interested in obtaining minimum essential coverage qualifies for an insurance affordability program; (3) assist in enrolling uninsured individuals in insurance affordability programs and minimum essential coverage; and (4) maximize enrollment of uninsured individuals in insurance affordability programs and minimum essential coverage. Under the bills, an uninsured individual can elect on their State income tax return to authorize the Office of the Comptroller to share information with the Maryland Health Benefit Exchange (MHBE) in order to determine the individual's eligibility for insurance affordability programs. MHBE must develop a detailed set of data privacy and data security safeguards to govern the conveyance, storage, and utilization of data under the program. The bills also establish an advisory workgroup to provide ongoing advice regarding implementation of the program.

Prescription Drug Affordability

Growth in spending on prescription drugs is expected to outpace the average growth in total health spending from 2017 through 2022, and prescription drug expenditures are expected to exceed \$462 billion nationally in 2022. In an effort to make prescription drugs more affordable, the federal government, Maryland, and other states have taken action to increase transparency in drug pricing and provide other mechanisms to reduce prescription drug prices.

House Bill 768 (passed) establishes a Prescription Drug Affordability Board to protect State residents and other stakeholders from the high costs of prescription drug products. The board must conduct a study on the entire pharmaceutical distribution and payment system and policy options being used in other states and countries. The board must also collect publicly available information and data and enter into memoranda of understanding with other states to collect data in order to identify prescription drug products that may cause affordability issues. The board may conduct a cost review of each identified drug product. If the board determines that it is in the best interest of Maryland to implement a process for setting upper payment limits on prescription drug products, the board must draft a plan of action to implement the process and submit the plan to the Legislative Policy Committee (LPC) for approval. If LPC does not approve the plan within 45 days, the board must submit the plan to the Governor and the Attorney General for their approval. The board may not set upper payment limits before getting approval of the plan.

The bill also establishes a stakeholder council to assist the board and multiple reporting requirements. The board must be established using general funds. By December 31, 2020, the board must determine and submit to specified committees of the General Assembly a recommendation for a funding source for the board. The Office of the Attorney General may pursue any available remedy under State law when enforcing the bill.

Senate Bill 946 (passed) is an emergency bill that establishes prescription drug out-of-pocket reimbursement or catastrophic coverage programs for specified State retirees, dependents, or surviving dependents who are enrolled in a Medicare prescription drug benefit plan. For a further discussion of **Senate Bill 946**, see the subpart “Personnel” within Part C – State Government of this *90 Day Report*.

Individual Health Insurance Market Stabilization

Chapters 6 and 7 of 2018 required MHBE to submit an application for a State Innovation Waiver under Section 1332 of the ACA to establish a State Reinsurance Program and seek federal funding. The federal government approved the waiver in August 2018, and it is valid through 2023. Funding for the program includes State special funds from a 2.75% health insurance provider fee assessment for calendar 2019 as required by Chapters 37 and 38 of 2018 and federal pass-through funds (federal funding that would have been provided to Maryland residents in the form of advanced premium tax credits in the absence of the reinsurance program).

Prior to approval of the Section 1332 waiver, Maryland health insurance carriers requested calendar 2019 rate increases averaging 30.2%. However, following waiver approval, carriers

revised their rate requests and the average requested rate increase fell to 23.4%. Ultimately, the rates approved by the Maryland Insurance Administration (MIA) declined by an average of 13.2%.

Senate Bill 239/House Bill 258 (both passed) extend the existing State health insurance provider fee assessment through calendar 2023. In calendar 2020 through 2023, the amount of the assessment must be 1% on all amounts used to calculate the entity's premium tax liability for the immediately preceding calendar year. The bills clarify the applicability and calculation of the assessment. The Maryland Health Insurance Coverage Protection Commission must study and recommend whether the State Reinsurance Program should be extended after calendar 2023 and, if so, how it will be funded.

Mandated Coverage and Cost Sharing

Special Enrollment Period for Pregnancy

The ACA requires nongrandfathered health plans to cover 10 essential health benefits, which include maternity coverage; however, pregnancy itself does not make a woman eligible to enroll. *Senate Bill 36/House Bill 127 (both passed)* require small employer and individual health benefit plans to provide a special enrollment period during which an individual who becomes pregnant, as confirmed by a health care practitioner, may enroll in a health benefit plan. The special enrollment period must be open for 90 days and begin on the date a health care practitioner confirms the pregnancy. Coverage must become effective on the first day of the month in which the woman receives confirmation of pregnancy. By January 1, 2022, MHBE must report to specified committees of the General Assembly on the use of the special enrollment period.

Treatment Criteria for Coverage of Behavioral Health Benefits

The American Society of Addiction Medicine (ASAM) treatment criteria for addictive, substance-related, and co-occurring conditions establish guidelines for placement, continued stay, and transfer or discharge of patients with addiction and co-occurring conditions. *Senate Bill 631/House Bill 599 (both passed)* require specified carriers to use the ASAM criteria for all medical necessity and utilization management determinations for substance use disorder benefits. The bills also repeal the limitation on a carrier charging a copayment for methadone maintenance treatment that is greater than 50% of the daily cost for methadone maintenance treatment.

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 MIA before providing pharmacy benefits management services.

House Bill 754 (passed), an emergency bill, prohibits a contract (or contract amendment) between a PBM, a pharmacy services administration organization, or a group purchasing organization and a pharmacy from becoming effective unless (1) the contract or amendment is filed with the Maryland Insurance Commissioner at least 30 days before it is to become effective and (2) the Commissioner does not disapprove the filing within 30 days after the contract or

amendment is filed. The legislation also specifies requirements relating to appeals and disputes regarding maximum allowable cost and cost pricing and reimbursement. The legislation repeals authorization for a PBM to retroactively deny or modify reimbursement to a pharmacy or pharmacist if the claim otherwise caused monetary loss to the PBM, provided that the PBM allowed the pharmacy a reasonable opportunity to remedy the cause of the monetary loss.

House Bill 759 (passed) prohibits a PBM from requiring that a beneficiary use a specific pharmacy or entity to fill a prescription if (1) the PBM or a corporate affiliate of the PBM has an ownership interest in the pharmacy or entity or (2) the pharmacy or entity has an ownership interest in the PBM or a corporate affiliate of the PBM. A PBM may require a beneficiary to use a specific pharmacy or entity for a specialty drug.

House Bill 589 (passed), an emergency bill, requires Medicaid to contract with an independent auditor for an audit of PBMs that contract with Medicaid managed care organizations. For a further discussion of **House Bill 589**, see the subpart “Public Health – Generally” within this Part of this *90 Day Report*.

Prescription Drugs and Formularies

Under current law, each carrier that uses a prescription drug formulary must provide coverage for an off-formulary drug or device if, in the judgment of the authorized prescriber, (1) there is no equivalent drug or device in the formulary or (2) an equivalent drug or device in the formulary has been ineffective or has caused or is likely to cause an adverse reaction or other harm.

Senate Bill 405/House Bill 435 (both passed) require certain carriers that remove a drug from their formulary or move a drug to a benefit tier with a higher deductible, copayment, or coinsurance amount to provide a member and the member’s health care provider with (1) notice at least 30 days before the change is implemented and (2) included in the notice, the process for requesting a specified exemption. The bills also expand the current process carriers must have in place to allow a member to receive an off-formulary prescription drug or device to include a prescription drug or device that has been removed from a formulary and to allow a member to continue the same cost-sharing requirements under specified circumstances.

House Bill 751 (passed) establishes requirements for prior authorization for a prescription for a chronic condition and requires specified entities to (1) maintain a database of information relating to prior authorization requests filed electronically; (2) provide a specific explanation when denying a prior authorization; (3) honor certain prior authorizations for a specified time period and under specified circumstances; and (4) provide specified notice of a new prior authorization requirement for a prescription drug.

Maryland Health Benefit Exchange

MHBE was created during the 2011 session to provide a marketplace for individuals and small businesses to purchase affordable health coverage. Through Maryland Health Connection, Maryland residents can shop for health insurance plans, compare rates, and determine their

eligibility for federal advanced premium tax credits, cost-sharing reduction plans, and public assistance programs such as Medicaid. MHBE also assists qualified employers in the State by facilitating the enrollment of their employees in qualified health plans in the Small Business Health Options Program and their access to federal small business health care tax credits.

House Bill 1098 (passed) authorizes MHBE to submit a State Innovation Waiver application for a federal Section 1332 waiver to allow the State to administer the federal small business health care tax credit to small businesses for monthly premium payments. The bill also expands the funding sources for the MHBE Fund to include any federal funds received for the administration of the tax credits.

House Bill 1421 (passed) requires MHBE to (1) conduct outreach and education activities to increase “health literacy” and educate consumers about MHBE and insurance affordability programs and (2) perform specified functions for Maryland Medicaid programs, as requested by the Maryland Department of Health and approved by the MHBE Board, to the extent that the performance of the functions aid in the efficient operations of MHBE and Medicaid.

Other Health Insurance Issues

Breach of Computer Security

Senate Bill 30 (passed) requires a carrier to notify the Insurance Commissioner of a “breach of the security of a system” if the carrier (1) conducts a specified investigation and (2) determines that the breach creates a likelihood that “personal information” has been or will be misused. Notice must be provided on a form and in a manner approved by the commissioner and at the same time the carrier provides notice, as required under current law, to the Office of the Attorney General. Compliance with the bill does not relieve a carrier from a duty to comply with other requirements of State or federal law relating to the protection and privacy of “personal information.”

Health Reform Implementation

Senate Bill 47 (passed) makes technical corrections and updates provisions of health insurance law to conform with regulations relating to the ACA.

Form Filings

Senate Bill 50 (passed) authorizes the Insurance Commissioner to extend for up to an additional 30 days (1) the initial review period for form filings for a health maintenance organization (HMO) and (2) the initial waiting period for an amendment to forms submitted by a nonprofit health service plan. An extension may only be provided if the Commissioner notifies the HMO or nonprofit health service plan before the initial review or waiting period ends.

Provider Panels

House Bill 829 (passed) prohibits a carrier from rejecting a provider who provides community-based health services for an accredited community behavioral health program for participation on the carrier’s provider panel solely because the provider is a licensed graduate social worker, a licensed master social worker, a licensed graduate alcohol and drug counselor, a licensed graduate marriage and family therapist, a licensed graduate professional art therapist, or a licensed graduate professional counselor.

Mental Health Parity

In substantially amending Maryland’s mental health parity law (§ 15-802 of the Insurance Article), Chapter 363 of 2015 revised the scope of the law to refer to “health benefit plans” and inadvertently exempted short-term limited duration insurance from the requirements. **Senate Bill 28 (passed)** alters the definition of “health benefit plan” to ensure that the State’s mental health parity law applies to short-term limited duration insurance.

Social Services

Benefit Program Expansions and Modifications

Food Supplement Program

Eligible low-income families and individuals receive federally funded benefits for the purchase of food items through the federal Supplemental Nutrition Assistance Program, previously known as the Food Stamp Program. In Maryland, this program is administered by the Department of Human Services (DHS) through local departments of social services. The State provides a solely State-funded supplemental benefit for seniors older than the age of 62 for the difference between the monthly benefit and \$30.

Senate Bill 218/House Bill 338 (both passed) establish a process for counties to apply to DHS for matching State funds to provide an additional supplemental benefit for each eligible child in a household in certain months. The combined State and county supplemental benefit must equal at least \$30 per child per month in June, July, and August and at least \$10 per child in December. State and local shares of funding for the supplemental benefit must be equal to the cost-share formula for school construction and renovation projects for the county making the application, ranging from 50%/50% to 96%/4%.

Senate Bill 752/House Bill 838 (both passed) establish the Restaurant Meals Program (RMP) within the Food Supplement Program (FSP) to allow for the use of food benefits on hot prepared foods at participating restaurants. Typically, FSP benefits may not be used to buy hot foods that are ready to eat. RMP is available only to households receiving FSP benefits that lack a fixed, regular, and adequate nighttime residence, and include only individuals who are age 60 or older or are designated disabled by a government entity.

Home Energy Assistance Programs – Critical Medical Needs Program

In response to concerns about the serious impact of utility service loss on medically vulnerable individuals, the Office of Home Energy Programs (OHEP) under DHS implemented a critical medical needs pilot program in 2015. The pilot program assisted households with medically vulnerable members in accessing energy assistance benefits and utility service extensions more quickly. Participants received support during the application process from trained navigators. *Senate Bill 425/House Bill 1189 (both passed)* formally establish a statewide Critical Medical Needs Program to be administered by OHEP. As part of the program, OHEP must partner with specified entities and determine the qualifications and training requirements for navigators who will assist households in applying for energy assistance. In addition, OHEP is required to work with electric and gas companies to implement medical holds on the termination of services and expedited processes to grant service extensions or restorations for critical medically vulnerable individuals.

Family Investment Program

Families and individuals applying for or receiving Temporary Cash Assistance benefits may receive support in becoming self-sufficient through the Family Investment Program (FIP). FIP participants generally must meet certain work activity requirements. The program provides supportive services activities, appropriate referrals to family planning counseling and services, and temporary cash assistance, as a last resort. *House Bill 1066 (passed)* specifies that DHS must allow applicants or participants to meet the work activity requirement for a maximum of 24 months by engaging in an average of at least 20 hours per week of education directly related to employment or a minimum of 20 hours per week of vocational education that leads to an associate degree, a diploma, or a certificate.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Senate Bill 970/House Bill 506 (both passed) require the Maryland Department of Health to annually report certain information regarding the WIC program to specified committees of the General Assembly. Among other information, the report must include data on the number of women, infants, and children receiving WIC benefits and the number of women, infants, and children eligible for but not receiving WIC benefits, the hours and locations of WIC agencies, and barriers to increasing enrollment.

Children

Child Care Subsidy Program

The Maryland State Department of Education administers the Child Care Subsidy (CCS) program to provide financial assistance to eligible low-income families. Chapters 563 and 564 of 2018 required the Governor to include funding in the annual State budget to raise the CCS program's provider reimbursement rate beginning in fiscal 2020 to certain percentiles of the most recent market rate survey or its equivalent. *Senate Bill 181/House Bill 248 (both passed)* accelerate the mandated appropriation by one year by requiring the Governor to include funding

in the fiscal 2021 budget to increase provider reimbursement rates to the sixtieth percentile of the most recent market rate survey.

Unaccompanied Homeless Minors

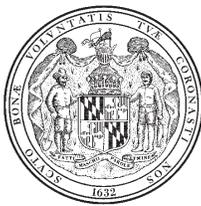
House Bill 911 (passed) creates the Workgroup to Study Shelter and Supportive Services for Unaccompanied Homeless Minors. The Senate and House chairs of the Joint Committee on Ending Homelessness must co-chair the workgroup. Among other tasks, the workgroup is established to study the unique needs of unaccompanied homeless minors, identify barriers to accessing safe shelter, and policy initiatives to address the needs of unaccompanied homeless minors in the State.

Elderly

Senate Bill 279/House Bill 251 (both passed) authorize the Department of Aging to make grants to nonprofit organizations and area agencies on aging to expand and establish aging-in-place programs for seniors. Organizations receiving a grant must provide matching funds. The bills define aging-in-place programs as programs or services that enable individuals to live in their own homes and communities safely, independently, and comfortably, regardless of age, income, or ability level.

Miscellaneous

House Bill 1411 (passed) requires the Governor to include \$200,000 in the annual State budget, beginning in fiscal 2020, for the Creating Assets, Savings, and Hope Campaign of Maryland to promote the financial capability of low-income individuals and families by providing outreach, education, and free tax preparation services.



Part K

Natural Resources, Environment, and Agriculture

Natural Resources

Forest Conservation

Assessing Forest Coverage

Forests play an important role in protecting the environment due to their ability to capture, filter, and retain water, as well as absorb pollution from the air. Before the enactment of the Forest Conservation Act (FCA) in 1991, the State was experiencing significant and increasing losses in forest acreage. During the 1970s, approximately 5,000 acres of forestland were lost per year. From 1980 to 1985, this rate of loss increased to approximately 10,000 acres per year, and from 1985 to 1990, the rate of loss increased to approximately 14,000 acres per year. Although there has been little change in estimated forestland acres since 2008, Maryland continues to lose forestland to development associated with population growth.

During the 2019 session, the General Assembly considered several bills aimed at assessing the State's forest conservation efforts. *Senate Bill 729/House Bill 735 (both passed)* require the Harry R. Hughes Center for Agro-Ecology (Hughes Center), in consultation with the Department of Natural Resources (DNR), the Maryland Department of the Environment (MDE), the Maryland Department of Planning (MDP), the Maryland Department of Agriculture, and the Chesapeake Bay Program, to conduct a technical study to review changes in forest cover and tree canopy in the State. The technical study must include, to the extent practicable (1) a survey and mapping of existing forest cover and tree canopy and potential afforestation and reforestation locations in the State; (2) an analysis of the health and quality of forests in the State; (3) an analysis of the progress toward the State's commitment to expand urban tree canopy acres and plant riparian forest buffers under the 2014 Chesapeake Bay Agreement; (4) an analysis of observed and projected changes in land cover and the amount of forest cover in the State due to development or other causes, using the Chesapeake Bay Phase 6 Model, Chesapeake Assessment Scenario Tool, and county and municipal forest conservation annual reports and land use plans; (5) an analysis of observed and projected changes in the amount of forest cover in the State based on programs involving tree planting and preservation; (6) a review of forest mitigation banking in the State; and (7) a

programmatic and funding review of federal, State, and local tree and forest planting programs. The Hughes Center must submit a report of its findings to the Governor and the General Assembly by December 1, 2019.

State policy aims to encourage the retention and sustainable management of forest lands by, among other things, achieving “no net loss of forest.” Under current law, “no net loss of forest” means 40% of all land in Maryland is covered by “tree canopy.” As introduced, *Senate Bill 203/House Bill 120 (both failed)* would have changed the definition of “no net loss of forest” for the purposes of Maryland’s no net loss of forest policy to mean 40% of all Maryland is covered by “forest land” (a term currently defined in law). The Senate amended *Senate Bill 203* to instead define “no net loss of forest” to mean 40% of the State is covered by “forest, as determined by data used in the most current Chesapeake Bay Watershed Model,” but the bill failed in the House.

State and Local Forest Conservation Funds

FCA establishes minimum forest conservation requirements for land development. It is administered by DNR’s Forest Service, but is primarily implemented on the local level through local forest conservation programs. Local governments with planning and zoning authority are required to develop local forest conservation programs that meet or are more stringent than the requirements of FCA. A proposed construction activity goes through a process to evaluate existing vegetation on a site and develop a forest conservation plan for the site. A forest conservation plan must, among other things, specify how forest area will be retained and include a plan for afforestation or reforestation. If afforestation or reforestation requirements cannot be reasonably accomplished on-site or off-site, payment may be made into the applicable forest conservation fund to be spent by the State or the local government on reforestation and afforestation, maintenance of existing forest, and achieving urban canopy goals.

Senate Bill 234/House Bill 272 (both passed) make changes relating to the administration of State and local forest conservation funds under FCA. The bills require a person to demonstrate, before a payment is made into the funds, that appropriate credits generated by a forest mitigation bank in the same county or watershed are not available. The bills also require a local authority to provide to DNR and make available to the public (1) a general plan for identifying appropriate and potentially available areas for mitigation projects, and (2) detailed accounting procedures for accurately tracking the money of the local forest conservation fund. A local authority must ensure that the equivalent number of acres for which money is collected and paid into its forest conservation fund is mitigated in accordance with authorized afforestation, reforestation, and conservation techniques. Finally, the bills require DNR and each local authority to disclose in an existing annual report information relating to fees collected by the funds, including the number of acres for which the fees were collected and the number of acres reforested.

Mel Noland Fellowship Program

The Mel Noland Woodlands Incentive Fund was created to help fund a variety of forest-related programs, including cost-share assistance for private forest land owners, annual grants to forest conservancy district boards, the establishment of a forest health emergency contingency program, and financial assistance for the administration of an urban and community

forestry program. *Senate Bill 467/House Bill 488 (both passed)* rename the Mel Noland Woodland Incentives Fund to be the Mel Noland Woodland Incentives and Fellowship Fund, and expand its uses to include funding a fellowship program to support students seeking careers in fields relating to natural resources. For fiscal 2021 and each subsequent fiscal year, the Governor must appropriate \$50,000 to the fund. DNR must use this annual appropriation to pay stipends to the fellows and to offset certain administrative costs related to the fellowship program.

Climate Change

“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.

Chapters 628 and 629 of 2018 expanded 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. The Acts required 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. *House Bill 1427 (passed)* limits the applicability of provisions established under Chapters 628 and 629 of 2018 – governing compliance of specified State and local projects with Coast Smart siting and design criteria – to specified State and local capital projects. The bill delays the implementation date of the Coast Smart siting and design criteria that are modified and made more broadly applicable pursuant to Chapters 628 and 629, from July 1, 2019, to July 1, 2020. The bill also delays the deadline for specified local jurisdictions to develop a plan to address nuisance flooding pursuant to Chapters 628 and 629, from July 1, 2019, to October 1, 2020. Finally, the bill requires MDP, in consultation with DNR and MDE, to develop and publish guidelines on or before October 1, 2019, to assist local jurisdictions in establishing nuisance flooding baselines.

Boating and Waterways

The Waterway Improvement Fund (WIF) finances projects and activities that promote, develop, and maintain Maryland’s waterways for the benefit of the boating public. With certain exceptions, a local government and WIF must jointly finance projects to construct marine facilities beneficial to the boating public. In most circumstances, the contribution of WIF must be limited to not more than 50% of the cost of each project. WIF may, however, finance completely any construction project beneficial to the boating public which costs less than \$100,000 regardless of its location. *Senate Bill 877 (passed)* increases the maximum limit on the cost of a local construction project that WIF may finance completely to \$250,000 or less.

DNR regulations authorize the department to designate a controlled water ski area within the waters of the State, which may contain ski slalom courses that meet the ski slalom requirements set by the American Water Ski Association. There are currently three controlled water ski areas: two on the Severn River (Maynadier Creek and Sunrise Beach) and one on the upper South River. *Senate Bill 93 (passed)* restricts the days and hours of operation for the controlled water ski area located in Maynadier Creek. Among other things, the bill prohibits the use of the ski area on Saturdays and State holidays. The bill terminates May 31, 2023.

Park Services Associates

Pursuant to provisions of the Maryland Vehicle Law, any State agency authorized by law and any political subdivision of the State may adopt ordinances or regulations that, among other things, regulate parking of vehicles and provide for the issuance of a citation by an officer for a violation of an adopted ordinance or regulation. “Officer” means a police officer or a person other than a police officer who is authorized to issue a citation for a violation of an adopted ordinance or regulation. Maryland Park Service rangers are classified as “park services associates” under Department of Budget and Management personnel classifications. *House Bill 393 (passed)* authorizes a park services associate who is not commissioned as a law enforcement officer to issue a citation for a parking violation on specified property located within or adjacent to property owned by the State and managed by DNR.

Water Quality Monitoring

Senate Bill 546 (passed) makes various changes relating to nutrient management plan compliance and enforcement, permit requirements for concentrated animal feeding operations, and water quality monitoring in tributaries located on the lower Eastern Shore. The bill requires DNR, as part of the department’s Chesapeake Bay Mainstem and Tidal Water Quality Monitoring Program, to conduct long-term sample collection in certain tributaries located on the lower Eastern Shore. At a minimum, DNR must regularly collect samples from each of six specified locations. To the extent practicable, water quality monitoring must be done in locations where water quality monitoring was conducted prior to December 1, 2013, in order to allow DNR and the public to assess long-term water quality trends. For a further discussion of *Senate Bill 546*, see the subparts “Environment” and “Agriculture” within this part of this *90 Day Report*.

Hunting and Fishing

Fishing

Oyster Management

2016 and 2017 Legislation: Chapter 703 of 2016 required the Department of Natural Resources (DNR), as part of its fishery management plan for oysters, to conduct a study, in consultation with the University of Maryland Center for Environmental Science (UMCES), on the oyster stock (including a stock assessment and development of biological reference points) and

management strategies to address the maintenance of a sustainable oyster population and fishery. Chapter 27 of 2017 prohibited DNR from reducing or altering the boundaries of oyster sanctuaries until DNR had developed a fisheries management plan for the scientific management of the oyster stock after the completion of reports required under Chapter 703. On December 1, 2018, DNR submitted a report on the study conducted under Chapter 703 and, at the time of the 2019 session, was in the process of completing a revised fishery management plan for oysters.

Oyster Sanctuaries: DNR regulations prohibit a person from harvesting wild oysters from any designated oyster sanctuary. Oyster sanctuaries in the Chesapeake Bay and its tidal tributaries are designated in DNR regulations that incorporate by reference the document *Oyster Sanctuaries of the Chesapeake Bay and Its Tidal Tributaries (September 2010)*. DNR committed to undertake a review of the effectiveness of the locations of the oyster sanctuaries every five years, the first of which was completed in July 2016. In addition, the 2014 Chesapeake Bay Agreement, which establishes goals and outcomes for the entire Chesapeake Bay, includes a goal of restoring large connected native oyster habitat and populations in sanctuaries in the following five bay tributaries in the State: Harris Creek; the Little Choptank River; the Manokin River; the Tred Avon River; and the Upper St. Mary's River.

Codification of Oyster Sanctuaries in Statute: *House Bill 298 (Ch. 17)* codifies the five designated tributary-scale sanctuaries in statute. With the exception of a person who engages in aquaculture activities within an oyster sanctuary in accordance with a valid lease, *House Bill 298* prohibits a person from catching oysters or removing oyster seed from a tributary-scale oyster sanctuary or an oyster sanctuary established by DNR in regulation. The Act also establishes requirements for the development and implementation of restoration plans for the five tributary-scale oyster sanctuaries codified in the Act.

The Governor vetoed *House Bill 298*, but the General Assembly overrode the veto during the 2019 session.

Consensus Recommendations for Future Oyster Management: Informed by the outcome of the two-year research and consensus building process of the *OysterFutures* research program (completed in May 2018), *Senate Bill 830/House Bill 720 (both passed)* require a similar State-initiated process (with an expanded scope) to be undertaken by a reorganized Oyster Advisory Commission to develop consensus recommendations for enhancing and implementing the fishery management plan for oysters.

The bills reorganize the Oyster Advisory Commission, with specified new membership that includes various representatives of the oyster industry, academia, and conservation and research organizations. The commission, in coordination with DNR and with the assistance of external conflict resolution and facilitation specialists, must (1) develop a package of consensus recommendations through a facilitated consensus solutions process, based on a 75% majority agreement level for each recommendation; (2) recommend management actions or combinations of management actions to achieve the targets identified in the oyster stock assessment with the goal of increasing oyster abundance; and (3) review model results for each management action or combination of management actions to inform its recommendations.

DNR may not reduce or alter boundaries of existing oyster sanctuaries until a fisheries management plan has been developed based on the consensus recommendations. The fishery management plan must (1) end the overfishing of oysters in all areas and regions of the Chesapeake Bay and its tributaries where overfishing has occurred according to biological reference points established by the most recent oyster stock assessment, while maintaining a harvest in the fishery; (2) achieve fishing mortality rates at target levels; (3) increase oyster abundance; (4) increase oyster habitat; and (5) facilitate the long-term sustainable harvest of oysters, including the public fishery.

The bills also require DNR to (1) hold public listening sessions throughout the State to identify possible management actions for use in the public oyster fishery and (2) periodically review and assess the oyster stock and, with stakeholder input, implement management actions that increase oyster habitat, maintain harvest, and grow the oyster stock.

Other Shellfish Management

Aquaculture and Submerged Aquatic Vegetation: Chapters 380 and 381 of 2017 required DNR, in consultation with interested stakeholders, to (1) review the conflicts that arise when implementing its policies of protecting submerged aquatic vegetation and promoting aquaculture in the State; (2) develop solutions to those conflicts that take into account the benefits provided by both submerged aquatic vegetation and aquaculture; and (3) report its findings and recommendations, including any proposed legislation, to the Governor and General Assembly. DNR requested the assistance of the Aquaculture Coordinating Council to fulfill the requirements of Chapters 380 and 381. Through a collaborative stakeholder process, the council issued a February 2018 [report](#) containing recommended solutions, including a recommendation that DNR be given the flexibility to review aquaculture lease and submerged aquatic vegetation interactions on a case-by-case basis. Consistent with this recommendation, ***House Bill 841 (passed)*** authorizes an aquaculture leaseholder, with prior written approval from DNR, to place shellfish, bags, nets, and structures on submerged aquatic vegetation, subject to specified requirements and limitations. The bill terminates June 30, 2024.

Shellfish Nursery Permits: Under a shellfish nursery permit issued by DNR, a person may commercially rear shellfish seed in State water outside of an aquaculture lease area if the shellfish seed is cultivated (1) within 20 feet of a pier or other structure, and (2) in an area of water that does not exceed 200 square feet. ***Senate Bill 939/House Bill 28 (both passed)*** establish that a person does not need to obtain a tidal wetlands license or permit from the Maryland Department of the Environment or a State wetlands license from the Board of Public Works for a pump, a pipe, or any other equipment attached to a pier in accordance with a shellfish nursery permit, if installation of the equipment does not require increasing the length, width, or channelward encroachment of the pier. For further discussion of these bills, see the subpart “Environment” within this part of this *90 Day Report*.

Cownose Ray Fishery Management Plan

Chapters 398 and 399 of 2017 (1) required DNR to prepare a cownose ray fishery management plan by December 31, 2018, and (2) prohibit a person, until July 1, 2019, from

sponsoring, conducting, or participating in a cownose ray fishing contest in State waters. “Cownose ray fishing contest” is any competition, tournament, or derby with the objective of catching or killing cownose rays for (1) prizes or other inducements, or (2) entertainment purposes. As of early 2019, DNR had not completed a cownose ray fishery management plan. *Senate Bill 143/House Bill 213 (both passed)* extend the deadline for DNR to prepare a cownose ray fishery management plan by two years (until December 31, 2020), while correspondingly extending the prohibition against a person sponsoring, conducting, or participating in a cownose ray fishing contest until DNR prepares the fishery management plan.

Fishing Guides

Senate Bill 361/House Bill 349 (both passed) modify the special charter boat license so that, instead of being valid for all individuals on a charter boat operated by a licensed fishing guide in tidal waters of the State, the license is valid for (1) all individuals on a vessel under the guidance of a fishing guide with a limited fishing guide license in tidal waters of the State and (2) all individuals on a single vessel operated by a fishing guide with a freshwater fishing guide license or a commercial tidal fish license in tidal waters of the State.

Finfish Trotlines and Monofilament Gill Nets

Chapter 86 of 2016, which terminates June 30, 2019, authorized DNR to adopt regulations to define and govern the use of finfish trotlines as a type of commercial fishing gear and authorized tidal fish licensees to use more than two hooks or two sets of hooks for each rod or line when using a finfish trotline. The intent of Chapter 86 is to allow commercial watermen to use finfish trotline gear to target invasive blue and flathead catfish. DNR created a free finfish trotline permit in 2017 to better understand the effects of the gear and, as of March 2019, there were 57 permit holders. *Senate Bill 7 (passed)* repeals the June 30, 2019 termination provision of Chapter 86. The bill also (1) under provisions that terminate June 30, 2022, establishes a commercial blue and flathead catfish finfish trotline license that is available to a person regardless of whether the person holds a commercial tidal fish license and (2) authorizes DNR to adopt regulations to authorize the use of a monofilament gill net to catch fish.

Hunting

Sunday Hunting

Hunting game birds or mammals on Sunday is generally prohibited, subject to various exceptions (with many of the exceptions being county-specific). During the 2019 session, additional exceptions were established.

Senate Bill 390 (passed) and *House Bill 242 (passed)* authorize DNR to allow, in St. Mary’s and Cecil counties, respectively, hunting of any game bird or game mammal, except migratory game birds, on a Sunday during the open season for that game bird or game mammal on private property or public land (except State parks in St. Mary’s County) designated for Sunday hunting by DNR.

Senate Bill 888/House Bill 620 (both passed), *Senate Bill 889/House Bill 618 (both passed)*, and *Senate Bill 890/House Bill 619 (both passed)* authorize DNR to allow, in Dorchester County, a person to hunt deer on private property on, respectively, (1) the second and third Sunday of the deer firearms season; (2) a Sunday during the bow hunting season from the first Sunday in October through the second Sunday in January the following year; and (3) a Sunday during the deer muzzle loader season.

House Bill 199 (passed) authorizes DNR to allow, in Wicomico County, a person to hunt deer on private property on the second Sunday in deer firearms season from 30 minutes before sunrise until 10:30 a.m.

Deer Management Permits – Harford 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. *Senate Bill 923/House Bill 401 (both passed)* make current provisions relating to deer management permits that are applicable in Calvert, Charles, and St. Mary’s counties also applicable in Harford 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 Hunting Safety Zone – Cecil County and Washington 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) without the specific advance permission of the owner or occupant. A person also may not shoot at any wild bird or mammal while it is within the safety zone. *House Bill 242 (passed)* and *Senate Bill 140 (passed)* reduce the archery hunting safety zone in Cecil and Washington counties, respectively, from 150 yards to 50 yards. *Senate Bill 140* also requires an archery hunter in Washington County to be in an elevated position that allows the hunter to shoot in a downward trajectory when hunting any wild bird or mammal within 50 to 100 yards of an occupied building or camp.

Environment

Solid Waste Management and Recycling

Expanded Polystyrene Ban

Expanded polystyrene foam is an inexpensive and readily available material often used in food product packaging. However, the material may have a significant impact on the health of humans and marine life because it never fully degrades, and, when littered, bioaccumulates in the environment. Across the country, jurisdictions have introduced legislation to ban or partially ban the use of expanded polystyrene foam, including Montgomery and Prince George’s counties in Maryland; Washington, DC; Portland, Oregon; New York, New York; and Los Angeles County and the City of San Francisco in California. However, there are no statewide bans in the United States.

Beginning July 1, 2020, *Senate Bill 285/House Bill 109 (both passed)* prohibit (1) a person from selling or offering for sale in the State an “expanded polystyrene food service product” and (2) a “food service business,” which includes specified businesses, institutional cafeterias, or schools from selling or providing food or beverages in an expanded polystyrene food service product. The Maryland Department of the Environment (MDE) must conduct specified public education and outreach campaigns and may adopt regulations to implement the bills. MDE may grant to a food service business or school a waiver from the bills’ prohibition for up to one year if MDE determines that compliance would present an undue hardship or a practical difficulty that is not generally applicable to other food service businesses or schools in similar circumstances. A “unit of county government” must enforce the bills’ prohibitions and may impose a monetary penalty for violations under specified conditions.

Solid Waste Management

The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, energy recovery, and exporting for disposal or recycling. Private and county-owned facilities make up the majority of facilities in the State.

In an effort to promote waste diversion, *House Bill 510 (passed)* prohibits an owner or operator of a refuse disposal system from accepting loads of separately collected yard waste or food waste for final disposal unless the owner or operator provides for the “organics recycling” of the yard or food waste. “Organics recycling” means any process in which organic materials are collected, separated, or processed and returned to the marketplace in the form of raw materials or products, and includes anaerobic digestion and composting.

Due to concerns about disposable plastic carryout bags clogging waterways, harming wildlife, and consuming valuable landfill space, many jurisdictions across the country and State have adopted fees, bans, or other programs to discourage the use of disposable bags or to promote bag recycling. In Maryland, State law does not address carryout bags provided by retail

establishments. However, local jurisdictions with general taxing powers (*e.g.*, Baltimore City, Baltimore County, and Montgomery County) have the authority to levy a bag fee. **House Bill 1166 (passed)** authorizes Howard County to impose, by law, a fee on a store for the use of disposable bags, defined as “a plastic bag provided by a store to a customer at the point of sale,” as part of a retail sale of products. The fee may not exceed five cents for each disposable bag used. Additionally, the county may only use fee revenue collected in accordance with the bill for (1) an environmental purpose, including the establishment of a program to provide reusable bags to individuals in the county, or (2) the implementation, administration, and enforcement of the fee.

Recycling

Maryland’s recycling policy is guided by the Maryland Recycling Act, which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide recycling goal of 60% by 2020. Each county (including Baltimore City) must prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate. **Senate Bill 370 (passed)** requires that each county recycling plan address the collection and recycling of recyclable materials from specified large office buildings by October 1, 2020. Additionally, by October 1, 2021, the owner of a building that has at least 150,000 square feet of office space must provide (1) recycling receptacles for the collection of recyclable materials and (2) for the removal of specified materials deposited into the recycling receptacles so that the materials can be further recycled. Local governments are authorized to conduct inspections to enforce the bill’s requirements.

Climate Change and Renewable Energy

According to the Intergovernmental Panel on Climate Change, the world’s temperatures are climbing, and human activities are very likely contributing to this increase. Continued global warming is expected to affect sea levels and weather patterns, resulting in impacts on human health, the environment, and the economy. Maryland is already experiencing significant loss of land from sea level rise, which has risen about eight inches in the last 100 years. To address the causes and impacts of climate change in the State, legislation enacted in 2009 (Chapters 171 and 172) and 2016 (Chapter 11) require the State to develop plans, adopt regulations, and implement programs to reduce greenhouse gas (GHG) emissions by 40% from 2006 levels by 2030. Several bills were passed by the General Assembly during the 2019 session in furtherance of these emissions reduction requirements and to mitigate the impacts of climate change.

Transportation and Climate Initiative

The Transportation and Climate Initiative (TCI) of the Northeast and Mid-Atlantic States is a regional collaboration that seeks to improve transportation, develop the clean energy economy, and reduce carbon emissions from the transportation sector. There are 13 participating jurisdictions, and Maryland has been an active participant in TCI since its inception in 2010. On December 18, 2018, 9 of the member states (including Maryland, Virginia, and the District of Columbia) announced the intent to design a regional low-carbon transportation policy proposal that would (1) cap and reduce carbon emissions from the combustion of transportation fuels and

(2) invest proceeds from the program into a low-carbon and more resilient transportation infrastructure. Participating states intend to complete the policy development process within one year, at which point each jurisdiction will decide whether to adopt and implement the policy.

Senate Bill 249/House Bill 277 (both passed) authorize the Governor to include the State as a full participant in any regional governmental initiative, agreement, or compact that limits or reduces GHG emissions from the transportation sector. However, the State may only withdraw from such an initiative, agreement, or compact with statutory approval from the General Assembly. By November 1, 2019, and every year thereafter for the next three years, MDE and the Maryland Department of Transportation (MDOT) must submit a report to the General Assembly on the status of any regional governmental initiative, agreement, or compact that limits or reduces GHG emissions from the transportation sector.

Zero-emission Vehicles

In Maryland, over 640,000 public school students receive transportation services. In total, local school systems use over 7,200 school vehicles for student transportation services. In an effort to reduce GHG in the State, *House Bill 1255 (passed)* establishes the Zero-Emission Vehicle School Bus Transition Grant Program within MDE, and the Zero-Emission Vehicle School Bus Transition Fund to provide funding for the program. A “zero-emission” vehicle is any vehicle that (1) is determined by the Secretary of Transportation to be of a type that does not produce any tailpipe or evaporative emissions and (2) has not been altered from the manufacturer’s original specifications. The purpose of the program is to provide grants to local boards of education (and entities that contract with local boards to provide transportation services) to (1) purchase school buses that are zero-emission vehicles; (2) install electric vehicle infrastructure for charging school buses that are zero-emission vehicles; (3) engage in planning for a transition to using school buses that are zero-emission vehicles; and (4) fund pilot programs to experiment with a transition to school buses that are zero-emission vehicles. MDE and MDOT must jointly provide technical assistance to local school boards and to private contractors who contract with local school boards, with transitioning to zero-emission school buses.

Clean Energy Jobs

Maryland’s Renewable Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. There are specified eligible sources as well as carve-outs for solar and offshore wind. Electric companies (utilities) and other electricity suppliers must submit renewable energy credits equal to a percentage specified in statute each year or else pay an alternative compliance payment equivalent to their shortfall.

Senate Bill 516 (passed) increases the RPS from 25% by 2020 to 50% by 2030 and makes other related changes. The bill (1) requires at least 1,200 megawatts of additional offshore wind generating capacity to begin operating not later than 2030 and (2) increases the carve-out for solar energy to 5.5% in 2019, with further annual increases until it reaches 14.5% in 2030. The expired Tier 2 source of RPS, large hydropower, is reestablished for two years through 2020. A total of up to \$15 million is transferred from the Strategic Energy Investment Fund for specified purposes, including workforce development and investment in clean energy industries. An existing study on

RPS being conducted by the Power Plant Research Program is modified to include additional topics and a supplemental study on a 100% RPS goal. For a more detailed discussion of this bill, see the subpart “Public Service Companies” within Part H – Business and Economic Issues of this *90 Day Report*.

Sea Level Rise Inundation and Coastal Flooding

Chapter 415 of 2014 established the original Coast Smart siting and design criteria requirements in statute and created a Coast Smart Council in the Department of Natural Resources (DNR) to (1) study and provide analysis regarding standards and factors relevant to the establishment of Coast Smart siting criteria and design criteria; (2) develop siting and design criteria to establish and implement Coast Smart practices and requirements; (3) develop eligibility criteria, standards, and procedures for applying for and obtaining a waiver from compliance with the Coast Smart requirements; and (4) establish procedures for evaluating Coast Smart waiver applications that include the consideration of proposed capital projects.

“Coast Smart” is defined as a construction practice in which preliminary planning, siting, design, construction, operation, maintenance, and repair of a structure or highway facility avoids or minimizes future impacts associated with coastal flooding and sea level rise inundation, and includes design criteria and siting criteria that are applicable throughout the entire life cycle of a project. *House Bill 1427 (passed)* limits the applicability of provisions governing compliance of specified State and local projects with Coast Smart siting and design criteria to specified State and local capital projects. The bill also delays the implementation date of the Coast Smart siting and design criteria that are modified and made more broadly applicable from July 1, 2019, to July 1, 2020. Additionally, the bill delays the deadline for specified local jurisdictions to develop a plan to address nuisance flooding from July 1, 2019, to October 1, 2020, and requires the Maryland Department of Planning, in consultation with specified agencies, to develop and publish guidelines to assist the local jurisdictions in establishing nuisance flooding baselines.

Water Quality and Land Management

Nutrient Management

The Water Quality Improvement Act of 1998 (Chapters 324 and 325), required agricultural operations with \$2,500 or more in gross annual income and livestock operations with 8,000 pounds or more of live animal weight to have and comply with a nutrient management plan for nitrogen and phosphorus. A nutrient management plan is prepared to “manage the amount, placement, timing, and application of animal waste, commercial fertilizer, sludge, or other plant nutrients to prevent pollution by transport of bioavailable nutrients and to maintain productivity.”

Senate Bill 546 (passed) makes various changes to (1) nutrient management plan compliance, enforcement, and reporting; (2) concentrated animal feeding operation (CAFO) permitting and fees; and (3) water quality monitoring in tributaries located on the lower Eastern Shore. With respect to a summary of a nutrient management plan that must be filed and updated with the Maryland Department of Agriculture (MDA) under existing law, MDA may require an updated summary to take the form of an annual implementation report which includes

specified information. The bill also imposes new penalty provisions for failing to file one of these summaries or annual reports and establishes new compliance and enforcement requirements related to the implementation of the Phosphorus Management Tool or the submission of specified soil tests.

Senate Bill 546 also requires that for any person to begin construction on any part of a new CAFO, the person must hold a CAFO discharge permit issued by MDE prior to construction. If the person initiates construction without the permit, MDE is prohibited from issuing the permit to that individual. Finally, the bill requires DNR to, as part of the department’s Chesapeake Bay Mainstem and Tidal Water Quality Monitoring Program, conduct long-term sample collection in specified tributaries. At a minimum, DNR must regularly collect samples from specified locations. For a further discussion of this bill, see the subparts “Agriculture” and “Natural Resources” within this part of this *90 Day Report*.

Stormwater and Flood Management

There is a flood control and watershed management program within MDE. Among other things, the program is responsible for (1) assisting in the development of guidance to minimize the impacts of flooding and (2) providing State guidelines and technical assistance to local governments to manage flood areas. The program was established in 1976 to promote the development of local flood management plans, fund studies of watersheds, and support capital projects for flood control and watershed management. However, the program has not been funded since 2002 and has not been operational.

Senate Bill 269/House Bill 428 (both passed) authorize MDE, under its existing comprehensive flood management grant program, to award grants to subdivisions that have incurred at least \$1 million in infrastructure damage by a flood event that occurred on or after January 1, 2009. The grants may be for an amount up to 50% of the combined cost of infrastructure repairs, watershed restoration, and emergency work associated with a flood event that may be equal to a certain amount of the total money appropriated to the grant program in specified fiscal years. The bills require the Governor to appropriate at least \$3 million in the State budget in fiscal 2021 and 2022, and at least \$2 million in fiscal 2023.

Water and Sewer Services

According to MDE, between October 1, 2018, and January 31, 2019, there were 342 reports of incidents of sewer overflows or treatment bypasses (an average of 21 per week). The department maintains an electronic database on its website that provides sanitary sewer overflow, bypass, and combined sewer overflow data to the public. **House Bill 417 (passed)** establishes new requirements regarding the content of the public notice procedures developed by MDE, in cooperation with the Maryland Department of Health, local health departments, and local environmental health directors, related to sewer overflows and treatment plant bypasses. The bill also repeals the requirement for the owner or operator of any sanitary sewer system, combined sewer system, or wastewater treatment plant to report sewer overflows or treatment plant bypass events to MDE via telephone.

Septic Systems

MDE's On-site Systems Division provides technical assistance and direction to local health departments and local approving authorities for the implementation of delegated programs for septic systems and individual wells. According to MDE, there are approximately 420,000 septic systems in Maryland.

While failing septic systems are referenced in statute and in regulations with regard to septic system upgrades and funding from the Bay Restoration Fund, the term "failing on-site sewage disposal system" is not defined in statute or regulation. *House Bill 190 (passed)* defines "failing on-site sewage disposal system" as an on-site sewage disposal system (commonly referred to as a septic system) or a cesspool, or a component of a septic system or a cesspool, that is a threat to public health due to the potential for direct contact between sewage and members of the public, significant noncompliance with the standards and conditions of the permit (for a permitted system), or a failure to prevent (1) sewage from reaching the surface of the ground; (2) sewage from backing up into a structure due to slow soil absorption of sewage effluent; (3) sewage from leaking from a sewage tank or collection system; (4) unless specifically authorized by a groundwater protection report approved by MDE before January 1, 2019, groundwater degradation; or (5) surface water degradation. If a local ordinance or law defines the term more stringently, this bill does not preempt that definition, and if there already exists an enforcement referral method between MDE and a local health department, this bill does not preempt that method.

As long-term water shortages increasingly are predicted in areas across the nation, water conservation efforts have become more prominent. One technique to conserve water is graywater recycling, which is an on-site wastewater treatment and recycling system. Graywater systems are designed to safely manage wastewater and reduce water consumption. Chapter 705 of 2018 authorized 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. *House Bill 539 (passed)* authorizes a person to use "reusable diverted water" for beneficial purposes, including gardening, composting, lawn watering, and irrigation. Reusable diverted water can only be used (1) on the site where it originates and (2) in accordance with any applicable State and local laws or regulations, including State and local plumbing codes. "Reusable diverted water" is water that (1) is generated by backwashing an on-site potable water treatment system or using an ice maker; (2) is collected for reuse instead of discharged to a residential on-site sewage disposal system; and (3) contains no constituents that are detrimental to public health or the environment.

Sediment and Erosion Control

MDE's Sediment, Stormwater, and Dam Safety Program is responsible for developing erosion and sediment control and stormwater management regulations. Among other duties, the program is the approval authority for erosion and sediment control and stormwater management plans for construction activity by State and federal agencies. The program also oversees the delegation of enforcement authority for these activities. Twenty-three local jurisdictions have

delegated authority to enforce erosion and sediment control laws under Subtitle 1 of Title 4 of the Environment Article.

A May 2018 audit report conducted by the Office of Legislative Audits (OLA) raised issues relating to enforcement within certain MDE programs. With respect to MDE's Erosion and Sediment Control Program, OLA found that inspections of certain construction sites were not performed as required by State regulations and that MDE lacked a formal plan for inspecting all sites. In response to this audit, *Senate Bill 505/House Bill 703 (both passed)* require each jurisdiction that is delegated authority to enforce sediment and erosion control laws and regulations to submit an annual report to MDE by January 1 of each year. The report from each delegated authority must include the total number of cases alleging violations of (1) sediment and erosion control laws and regulations; (2) building and grading permits; (3) sediment and erosion control laws and regulations in the Chesapeake Bay Critical Area and the Atlantic Coastal Bays Critical Area (the Critical Areas); and (4) building and grading permits in the Critical Areas. On request of a delegated authority, MDE must provide technical assistance to the jurisdiction to meet the reporting requirements. MDE must post the information collected under the bills on its website, and, by March 1 of each year, report to the Governor and the General Assembly.

Wetlands Permits and Licenses

The Wetlands and Waterways Program within MDE administers a statewide program for the management, conservation, and protection of Maryland's tidal wetlands and nontidal wetlands and waterways, including shoreline stabilization projects. *House Bill 406 (passed)* limits the application fee charged for a structural shoreline stabilization project located on or adjacent to a State-owned lake to a maximum of \$250. Additionally, MDE, in conjunction with DNR, is required to identify up to three types of structural shoreline stabilization practices that may be implemented on or adjacent to a State-owned lake.

A "nonwater-dependent project" is a temporary or permanent structure that, by reason of its intrinsic nature, use, or operation, does not require location in, on, or over State or private wetlands. *Senate Bill 939/House Bill 28 (both passed)* establish that a pump, a pipe, or any other equipment attached to a pier that is associated with a permitted shellfish nursery operation is not a "nonwater-dependent project" for the purpose of wetlands license and permit requirements. The bills specify that, as long as installing such equipment (for the purpose of cultivating shellfish seed in a permitted shellfish nursery) does not require increasing the length, width, or channelward encroachment of the pier, a person does not need to first obtain a tidal wetlands license or permit from the Board of Public Works or MDE, and such activity is a lawful use of private wetlands.

Surface Mining

Dewatering is an activity where groundwater and surface water is removed from a mine to provide workably dry conditions in the mine. If a surface mining permittee (quarry mine operator) is issued a water appropriation permit to dewater a pit located in karst terrain (basically limestone) in Baltimore, Carroll, Frederick, and Washington counties, MDE must establish a zone of dewatering influence around the surface mine as a condition of the permittee's surface mining permit. The purpose of a zone of dewatering influence is to provide relief for a property owner

within the zone who experiences a sinkhole or water supply failure. When a water supply failure occurs, the quarry operator is presumed to be the cause of a water supply loss and must replace that water supply. When a sinkhole occurs, the quarry operator must repair any sinkhole damage within the zone unless the operator can prove that they did not cause the sinkhole.

Senate Bill 54/House Bill 36 (both passed) require a surface mining permittee to permanently replace a failed water supply (that is within a zone of dewatering influence) within 45 days after learning about a specified water supply failure. The bills also codify (1) the requirement that a permit holder, upon discovery of a sudden subsidence of the surface of the land within the zone of dewatering influence, must immediately implement appropriate safety measures to protect public health and safety and (2) regulations that authorize a permittee to seek reimbursement from an affected property owner for the cost of replacing a water supply if it is determined that the permittee's dewatering activity is not the proximate cause of the water supply failure. Finally, the bills clarify that current law requiring MDE to provide an opportunity for a contested case hearing may not be construed to stay the requirement to permanently replace a water supply or implement appropriate safety measures.

Oil Cleanup

The Maryland Oil Disaster Containment, Clean-up and Contingency Fund (Oil Fund) was established in 1986 to provide funding to MDE's oil pollution prevention programs, such as permitting, enforcement, and oil spill response. The Oil Contaminated Site Environmental Cleanup Fund (Reimbursement Fund) was established in 1993 to reimburse underground storage tank owners for costs incurred during site cleanups. *Senate Bill 1031 (passed)* extends the current fee (8 cents per barrel) assessed on oil transferred into the State until July 1, 2021; beginning July 1, 2021, the fee is 5 cents per barrel. Until July 1, 2021, 7.75 cents of the per barrel fee are credited to the Oil Fund and 0.25 cents are credited to the Reimbursement Fund. Owners of heating oil tanks are authorized to continue to apply for assistance from the Reimbursement Fund through June 30, 2021. In fiscal 2020 and 2021 only, funds from the Oil Fund may be used to pay costs associated with the purposes of the Reimbursement Fund. Special fund revenues increase by \$2.2 million in fiscal 2020. Special fund expenditures from the Reimbursement Fund increase by \$182,800 in fiscal 2020. The fiscal 2020 budget reflects continuation of fiscal 2019 fee levels.

Lead

Elevated Blood Lead Level

According to the Centers for Disease Control and Prevention (CDC), there is no safe level of lead exposure. Adverse health effects exist in children at blood lead levels less than 10 µg/dL (micrograms per deciliter). As such, CDC has, since 2012, urged health care providers and authorities to follow up on any young child with a blood lead level as low as 5 µg/dL, which is the CDC's current blood lead reference level.

House Bill 1233 (passed) redefines elevated blood lead level (EBL) as it applies to specified provisions of State law that initiate case management, notification, and lead risk reduction requirements. EBL is redefined to mean (1) a quantity of lead in blood that exceeds the

blood lead reference level as determined by CDC on or after October 1, 2019, or (2) beginning one year after the date that CDC revises the blood lead reference level until one year after a subsequent revision, the revised blood lead reference level determined by CDC.

House Bill 1233 also requires MDE to adopt regulations for conducting environmental investigations to determine lead hazards, and include a summary of the results of any environmental investigation conducted pursuant to the bill in its annual report on statewide childhood blood lead testing. Additionally, beginning July 1, 2020, an owner of affected property must satisfy the modified reduction risk standard within 30 days after receipt of written notice that a person at risk who resides on the property has an EBL greater than or equal to the reference level (instead of 10 µg/dL) and an environmental investigation has concluded that there is a defect at the affected property.

Testing for Lead in Drinking Water Outlets in School Buildings

Chapter 386 of 2017 required MDE, in consultation with the Maryland State Department of Education (MSDE), the Department of General Services, and the Maryland Occupational Safety and Health, to adopt regulations to require periodic testing for the presence of lead in each “drinking water outlet” located in an occupied public or nonpublic school building.

House Bill 1253 (passed) establishes that it is the intent of the General Assembly that schools work proactively to reduce the concentration of lead in drinking water outlets to a level below five parts per billion and that State and federal funds be made available to schools for that purpose. The bill requires MDE, in consultation with MSDE, to establish and administer a grant program to provide grants to local school systems to assist with specified costs related to addressing the presence of lead in school drinking water outlets. Additionally, the bill requires the Interagency Commission on School Construction, in consultation with MDE, to establish and implement procedures for school systems to request funding from the existing Healthy School Facility Fund for specified remedial costs. Although no funding for the grant program is mandated under the bill, general fund expenditures may increase by at least \$1.5 million annually beginning in fiscal 2020 to establish a viable grant program.

Sunset Evaluations

Approximately 70 regulatory entities and activities are subject to periodic evaluation under the Maryland Program Evaluation Act (MPEA), which establishes a process better known as “sunset review” because most of the entities subject to review are also subject to termination. **Senate Bill 640/House Bill 1113 (both passed)** eliminate the evaluations required under MPEA, although the termination dates for the various entities subject to the law are maintained. Instead, those entities currently subject to MPEA may be evaluated in accordance with a work plan developed by the Department of Legislative Services (DLS), while responsibility to introduce reauthorizing legislation is placed on the entities. For more information on these bills, see the subpart “General Assembly” within Part C – State Government of this *90 Day Report*. DLS conducted preliminary evaluations of the State Board of Waterworks and Waste System Operators and the State Board of Well Drillers in 2018.

Senate Bill 585/House Bill 1100 (both passed) implement DLS's primary recommendations stemming from the preliminary sunset evaluation of the State Board of Waterworks and Waste System Operators. Specifically, the bills (1) extend the termination date of the board by 10 years to July 1, 2031, and (2) change the board's authorization to set fees, and instead require the board to set reasonable fees to cover the board's actual direct and indirect regulatory costs.

Senate Bill 671/House Bill 1114 (both passed) implement DLS's primary recommendations stemming from the preliminary sunset evaluation of the State Board of Well Drillers. Specifically, the bills (1) extend the termination date of the board by 10 years to July 1, 2031, and (2) require the board to set license fees for the issuance and renewal of licenses at levels sufficient to cover actual direct and indirect costs of regulating the well drilling industry.

Agriculture

Nutrient Management

Pursuant to the Water Quality Improvement Act of 1998 (Chapters 324 and 325), agricultural operations with \$2,500 or more in gross annual income and livestock operations with 8,000 pounds or more of live animal weight must have and comply with a nutrient management plan for nitrogen and phosphorus. Nutrient management plans address the amount, placement, timing, and application of animal waste, commercial fertilizer, sludge, or other nutrient sources to maintain productivity on agricultural land and prevent excess nutrients from impacting waterways.

Phosphorous Management Tool (PMT) regulations, which took effect June 8, 2015, include a multi-year process for farmers to transition to use of PMT for fields with high soil phosphorus levels. PMT is an updated environmental risk assessment tool that uses the best available science to identify the potential risk of phosphorus loss from farm fields and prevent the additional buildup of phosphorus in soils that are already saturated. The regulations require submittal of soil phosphorus levels to the Maryland Department of Agriculture (MDA), and MDA's Nutrient Management Program 2018 Annual Report indicates that soil test data results have been submitted for 87% of Maryland's 1,277,930 acres of regulated farmland. The program continues to target farms that have not submitted soils data for audits and inspections.

Among other things, *Senate Bill 546 (passed)* makes various changes relating to nutrient management plan compliance, enforcement, and reporting. MDA may require an updated summary of a nutrient management plan, which must be filed and updated with MDA under existing law, to take the form of an annual implementation report. If a person, in operating a farm, uses or produces animal manure, the person's annual implementation report must include specified information regarding the import or export of animal manure. In addition, a person who holds a license or permit issued under nutrient management certification and licensing provisions must comply with all applicable reporting requirements and deadlines established by MDA, including deadlines related to implementation of the PMT and submission of certain soil test phosphorus levels. MDA, in determining where to focus enforcement efforts to determine compliance with

nutrient management requirements, must prioritize farms for which MDA has not received soil test phosphorus levels required by regulations. The bill also modifies and establishes penalties for various violations, including failing to file a nutrient management plan summary or annual implementation report, failing to have a nutrient management plan, failing to comply with a nutrient management plan, and failing to meet specified reporting requirements and deadlines. Finally, beginning in 2020, MDA must include information regarding the statewide production and use of animal manure in its annual report on nutrient management plans. For a further discussion of this bill, see the subparts “Natural Resources” and “Environment” within this part of this *90 Day Report*.

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Foundation (MALPF), which is part of 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 2018, MALPF has acquired 2,302 agricultural preservation easements covering 312,787 acres statewide.

Elimination of Agricultural Districts

Prior to July 1, 2007, an agricultural landowner was only eligible to sell a development rights easement to MALPF once the land had been placed within an agricultural preservation district. Agricultural preservation districts were formed when qualifying landowners would sign voluntary agreements with MALPF to keep their land in agricultural or woodland use for a specified number of years (3 to 10 years, depending on the county where the land was located). In uncodified language, Chapter 650 of 2007 phased out the district agreement process, specifying that districts could not be a requirement for the easement application process to MALPF and that as of June 30, 2012, all districts in MALPF were terminated, with the exception of any district in which an easement had been transferred to MALPF and any district established by a county and a landowner for the purpose of providing a property tax credit to the landowner. *Senate Bill 58 (passed)* transfers to codified statute the specified uncodified language under Chapter 650 and deletes obsolete references to “agricultural districts” associated with the district agreement process.

MALPF Board of Trustees

MALPF is administered by a 13-member board of trustees which includes the State Treasurer, the Comptroller, the Secretary of Agriculture, and the Secretary of Planning, all of whom serve as *ex officio* members. *Senate Bill 58* authorizes each *ex officio* member of the MALPF board of trustees to appoint a designee to serve in the member’s place on the board.

County Agricultural Land Preservation Programs

Chapter 294 of 2018 increased – from three years to six years – the amount of time counties have to use revenue from the agricultural land transfer tax before it must be remitted to the State.

Chapter 294 also allows – under the program administered by the Maryland Department of Planning (MDP) and MALPF for certification of effective county agricultural land preservation programs – for a recertification of a county program to be effective for five years instead of 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 a county revises 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 county program recertification on a finding that such an action is inconsistent with certain priority preservation areas requirements. *Senate Bill 57 (passed)* alters specified MALPF-related provisions of law to be consistent with provisions enacted under Chapter 294. The bill also clarifies that a county agricultural preservation advisory board’s duties include approving or disapproving an application by the county for recertification of a county agricultural land preservation program.

Definition of Conservation Property for Tax Assessment Purposes

House Bill 1350 (passed) alters the definition of conservation property for property tax assessment purposes by including certain land subject to a perpetual conservation easement that is sold or donated (1) to MALPF; (2) to a specified land trust; or (3) under another public land conservation or preservation program. The bill applies to tax years 2020 and beyond. For a further discussion of this bill, see the subpart “Property Tax” within Part B – Taxes of this *90 Day Report*.

Recording Notice of Conservation Easements, Covenants, Restrictions, and Conditions

MDA indicates that when a property interest has been conveyed to MALPF, the Maryland Historical Trust (MHT), Maryland Environmental Trust (MET), or Department of Natural Resources (DNR), the transaction is memorialized by an instrument that is recorded in the land records of the county in which the property interest is located. In recent years, however, title searches associated with refinancing or selling of properties have covered more limited timeframes than in the past, which can result in a buyer not being aware of a conservation easement and potentially violating the terms of the easement. *Senate Bill 25 (passed)* allows for a specified notice to be recorded in applicable land records, and indexed in a specified manner, if an easement, covenant, restriction, or condition has been granted, devised, dedicated, reserved, or donated to MALPF, MHT, MET, a land trust that has executed a cooperative agreement with MET, a county, or DNR. For a further discussion of this bill, see the subpart “Real Property” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Use of Antimicrobial Drugs

The U.S. Food and Drug Administration (FDA) indicates that antimicrobial resistance is a national and worldwide public health challenge. Judicious use of antimicrobial drugs can effectively fight bacterial infections, but use and misuse can also promote the development of antimicrobial-resistant bacteria. In 2017, FDA completed a process to transition medically important antimicrobial drugs (important in human medicine) used in feed or drinking water of

food-producing animals to veterinary oversight and to eliminate use of the drugs for production purposes such as growth promotion.

Pursuant to Chapters 787 and 788 of 2017, State law prohibits the administration of a medically important antimicrobial drug to cattle, swine, or poultry solely for the purpose of promoting weight gain or improving feed efficiency. As of January 1, 2018, a medically important antimicrobial drug may be administered to cattle, swine, or poultry if, in the professional judgment of a licensed veterinarian, the drug is necessary (1) to treat, or control the spread of, a disease or infection; (2) for a surgery or medical procedure; or (3) provided the drug is not administered in a regular pattern, for prophylaxis to address an elevated risk of contraction of a particular disease or infection. *Senate Bill 471/House Bill 652 (both passed)* modify provisions governing the administration of medically important antimicrobial drugs to cattle, swine, or poultry, including by, among other things, (1) expressly prohibiting the drugs from being administered in feed or water unless ordered by a licensed veterinarian through a specified drug prescription or a veterinary feed directive; (2) defining relevant terms, including “treat a disease or infection,” “administered in a regular pattern,” “prophylaxis,” and “elevated risk”; (3) altering the applicability of the provisions; (4) limiting the duration for which the drugs may be administered; (5) altering the penalty for violating the provisions; (6) establishing new reporting requirements for licensed veterinarians regarding the administration of the drugs; and (7) altering existing MDA reporting requirements. MDA must maintain all records and information relating to the administration of medically important antimicrobial drugs submitted to MDA for at least five years and in a manner that protects the identity of an owner, an operator, and a veterinarian.

Agricultural Products

Hemp

The 2018 federal Farm Bill allows a state to be the primary regulatory authority over the production of hemp in the state if the state submits a qualifying plan to the U.S. Secretary of Agriculture under which the state plans to monitor and regulate the production of hemp. Further, the 2018 Farm Bill expands authorized uses and cultivation of hemp and allows the transfer of hemp derived products across state lines for commercial or other purposes. A qualifying state plan to monitor and regulate the production of hemp must include licensing provisions, among other required content, and must be approved by the U.S. Secretary of Agriculture.

Chapters 475 and 476 of 2018 established an Industrial Hemp Pilot Program administered by MDA, consistent with authorizations under the 2014 federal Farm Bill, and excluded industrial hemp from the definition of “marijuana” under criminal law provisions addressing controlled dangerous substances. *House Bill 1123 (passed)* alters the pilot program to be the Hemp Research Pilot Program and establishes a regulatory framework for the commercial production of hemp in the State. Broadly, the bill (1) establishes a Hemp Farming Program in MDA; (2) establishes a Hemp Farming Fund to support the program; (3) requires MDA to establish a plan for monitoring and regulating the production of hemp in the State and submit the plan to the U.S. Secretary of Agriculture; and (4) prohibits the production of hemp outside the scope of the bill. MDA, in coordination with the Natalie M. LaPrade Medical Cannabis Commission, must adopt regulations

to implement the bill and protect hemp growers and medical cannabis growers from the risk of cross-pollination.

Milk Labeling

In January 2017, the Dairy Pride Act was introduced in the U.S. Congress to require FDA to enforce its definition of milk due to the prevalence of plant-based alternatives being labeled as “milk.” In September 2018, FDA requested public comments on how the administration should address the issue of plant-based liquids and milk labeling. *Senate Bill 922 (passed)* prohibits a person from stating on a label of a food product that the product is “milk” unless it meets a specified definition. The Maryland Department of Health (MDH) must establish and implement a plan to enforce this prohibition, including notice of MDH’s intent to implement a ban on all products that do not meet the bill’s requirements, including plant-based products mislabeled as milk. The bill is contingent on the enactment of similar legislation in 11 of 14 listed states.

Agritourism

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. In those 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. *Senate Bill 99/House Bill 639 (both passed)* exempt an agricultural building in Allegany, Anne Arundel, Baltimore, and Kent counties used for agritourism from adhering to the Maryland Building Performance Standards. The bills also exempt agricultural buildings in the same four counties, as well as in Prince George’s and St. Mary’s counties, from obtaining a change of occupancy permit if (1) the building’s use for agritourism does not require it to be occupied by more than 200 people at any one time and (2) the width of egress for the building meets specified building code standards.

Maryland Commercial Fertilizer Law

Definition of Soil Conditioner

Under the Maryland Commercial Fertilizer Law, “soil conditioner” means any substance or mixture of substances intended for sale, offered for sale, or distributed for (1) manurial, soil enriching, or soil corrective purposes; (2) promoting or stimulating the growth of plants; (3) increasing the productivity of plants; (4) improving the quality of crops; or (5) producing any chemical or physical change in the soil, except a commercial fertilizer, unmanipulated animal and vegetable manures, agricultural liming material, and gypsum. “Soil conditioner” includes materials such as compost, peat, vermiculite, or perlite that are incorporated into the soil. *House Bill 511 (passed)* alters the definition of “soil conditioner” to include digestate produced by anaerobic digestion that is incorporated into the soil.

Departmental Programs and Functions

Maryland Produce Safety Program

House Bill 50 (passed) establishes a Maryland Produce Safety Program in MDA to reduce the risk of adverse impacts on human health from the consumption of contaminated produce. The program must conform with specified federal standards for growing, harvesting, packing, and holding produce for human consumption. When conducting a “covered activity” on “covered produce,” a “covered farm” must comply with the requirements of the program. A farm that has been granted a qualified exemption must comply with more limited requirements under federal regulations. A covered farm, including one that has a qualified exemption, must keep specified records. The Secretary of Agriculture has broad enforcement authority under the program. The bill terminates if the federal standards are repealed or federal funding to implement the bill either is not received or is exhausted.

Regulation of Poultry to Protect Animal Health and Control Avian Influenza

In response to an avian influenza disease outbreak in Maryland, Chapter 390 of 2005 authorized the Secretary of Agriculture to adopt an animal health program that is applicable to any live poultry market, production facility, and poultry dealer and that meets specified federal regulatory requirements regarding avian influenza. A “live poultry market” means any facility where live poultry is gathered to be slaughtered and sold on site. However, with growing interest in small poultry sales and backyard flocks, the current and future poultry disease threat also lies in poultry markets other than the traditional large auction markets, such as swap meets, flea markets, and small retail markets. MDA further indicates that the limited authority under existing law has prevented it from establishing comprehensive regulations – leading to the need for special, emergency orders to control and prevent disease – and has impeded enforcement actions. *Senate Bill 56 (passed)* expands the existing authority of the Secretary to regulate live poultry markets, production facilities, and poultry dealers to protect animal health and control avian influenza by broadening the definition of the markets to which the Secretary’s authority applies and by providing the Secretary with certain flexibility to determine how to apply that authority. In addition, the requirement that an animal health protection program adopted by the Secretary meet specified federal requirements is changed to an authorization for the adopted program to include a program that meets the federal requirements.

Nuisance Insects

Chapters 584 and 585 of 2016 authorized DNR, subject to available funding and in conjunction with MDA and the University of Maryland’s Department of Entomology, to implement a program (initially in Washington County) to control the spread of black flies in the State. *House Bill 1353 (passed)* repeals the black fly control provisions enacted in 2016 and instead authorizes the Secretary of Agriculture to implement a specified program to control or eliminate nuisance insects in the State. “Nuisance insect” is defined under the bill as an insect that is determined by the Secretary to pester or annoy only humans. “Nuisance insect” does not include a pollinator or any insect that is a threat to the health of humans, animals, or plants.

Noxious Weeds

The Maryland Weed Control Program in MDA is responsible for the control and eradication of designated noxious weeds in order to reduce their economic and aesthetic impact on farmers and landowners. In a report required by Chapter 246 of 2018, which focused on the invasive weed Palmer amaranth, MDA indicates that designated noxious weeds (Johnsongrass, shattercane, and thistles) can cause losses in excess of \$25 million annually to Maryland agriculture due to reduced yields, decline of quality of crops and forages, and increased control costs. According to MDA, increased expenses are also incurred for roadside and noncrop property management. *House Bill 808 (passed)* repeals the existing list of plants designated as noxious weeds in statute and instead requires the Secretary of Agriculture to adopt regulations establishing a list of plants that are considered to be noxious weeds. The bill also establishes penalties for violations of the provisions regulating noxious weeds.

Maryland Farms and Families Fund

Chapters 395 and 396 of 2017 established the Maryland Farms and Families Program within MDA and the Maryland Farms and Families Fund to implement the program. The purpose of the program is to double the purchasing power of food-insecure Maryland residents with limited access to fresh fruits and vegetables and to increase revenue for farmers through redemption of federal nutrition benefits at Maryland farmers markets. The purpose of the fund is to provide grants to nonprofit organizations that match purchases made with Farmers Market Nutrition Program, Supplemental Nutrition Assistance Program, and Special Supplemental Food Program for Women, Infants, and Children benefits at participating farmers markets and meet specified qualifications. *Senate Bill 483/House Bill 84 (both passed)* expand the purpose and use of the fund to include providing grants to (1) nonprofit farmers markets to implement the program and (2) local nonprofit organizations to implement the program in partnership with one or more participating local farmers markets. In addition, the bills modify the provision regarding the required funding for the fund. Instead of the existing language that makes \$500,000 in annual funding subject to the limitations of the State budget, the bills require the Governor to include an appropriation of \$100,000 to the fund in the annual budget bill. The appropriation must be in addition to, and may not supplant, any funding appropriated to the Marketing and Promotion Division in MDA.

Commercial Compost

Regulations adopted by the Secretary of Agriculture require a person to pay a registration fee and register each brand or classification of compost with MDA before selling or distributing it in the State. The registration fee is \$15 for each brand or classification in bulk or in a package larger than 10 pounds. The registration fee for each brand or product in a package that is 10 pounds or less is \$30. Additionally, each registrant for each compost must submit (1) a semiannual written statement of the tonnage for each brand and classification of compost distributed in the State and (2) an inspection fee of 25 cents for each ton distributed. *House Bill 954 (passed)* prohibits the Secretary of Agriculture from adopting regulations that impose a per ton inspection fee on commercial compost distributed by a private entity in the State. The bill terminates after three years.



Part L Education

Education – Primary and Secondary

State Education Aid

State Aid to Public Schools

State aid for primary and secondary education increases by \$469.4 million, or 7.2%, in fiscal 2020 to \$7.0 billion. State aid provided directly to the local boards of education increases by \$434.4 million, or 7.5%, while retirement aid increases by \$35.0 million, or 4.8%. Fiscal 2020 changes in major State education aid programs are shown in **Exhibit L-1**.

Exhibit L-1
State Aid for Education
Fiscal 2019 and 2020
(\$ in Thousands)

<u>Program</u>	<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Foundation Program	\$3,056,189	\$3,140,367	\$84,177	2.8%
Net Taxable Income Grant	62,524	65,301	2,777	4.4%
Tax Increment Financing Grant ¹	535	3,251	2,715	507.4%
Geographic Cost of Education Index	141,574	145,450	3,877	2.7%
Supplemental Grant	46,620	46,620	0	0.0%
Foundation Special Grant	12,956	12,237	-718	-5.5%
Declining Enrollment Supplemental Grant	18,664	18,890	226	1.2%
Compensatory Education Program	1,308,336	1,330,429	22,093	1.7%
Special Education Program	290,813	303,250	12,438	4.3%
Limited English Proficiency	288,041	311,080	23,038	8.0%
Guaranteed Tax Base	48,170	43,685	-4,485	-9.3%
Student Transportation	282,585	303,045	20,459	7.2%
Nonpublic Special Education	123,500	121,470	-2,030	-1.6%
Prekindergarten Expansion	11,644	26,644	15,000	128.8%
Prekindergarten Supplemental Grant	16,039	21,131	5,092	31.7%
School Safety Grants	13,100	10,600	-2,500	-19.1%
The Blueprint for Maryland's Future ²	0	251,641	251,641	n/a
Other Programs	80,305	80,930	625	0.8%
Direct Aid Subtotal	\$5,801,594	\$6,236,020	\$434,425	7.5%
Teachers' Retirement	\$732,921	\$767,889	\$34,968	4.8%
Grand Total	\$6,534,515	\$7,003,909	\$469,393	7.2%

¹Due to concerns about the valuation of tax increment districts in Prince George's County, the operating budget, *House Bill 100 (passed)*, restricts \$3.0 million until the State Department of Assessments and Taxation, the Department of Budget and Management, and the Maryland State Department of Education submit a report to the budget committees regarding the accuracy of the grant calculations.

²*Senate Bill 1030 (passed)* State aid enhancements. While provisions in the annual State operating budget and in the Budget Reconciliation and Financing Act restrict funds to cover the \$251.6 million increase, funding of these fiscal 2020 enhancements is at the discretion of the Governor.

Source: Department of Legislative Services

The foundation program totals \$3.1 billion in fiscal 2020, an increase of \$84.2 million, or 2.8%, over fiscal 2019. The increase is attributable to statewide enrollment growth of 0.3% and a 2.5% inflationary increase in the per pupil foundation amount, from \$7,065 to \$7,244. The \$22.1 million increase for the Compensatory Education Program, which provides additional

funding based on the number of students eligible for free and reduced-price meals (FRPM), is due primarily to increases in the base per pupil amount. Currently, 42% of students statewide qualify for FRPM. The \$23.0 million increase in Limited English Proficiency (LEP) grants represents an 8% increase over the fiscal 2019 level and is based on 4,465 more LEP students.

As discussed in more detail below, *Senate Bill 1030 (passed)*, The Blueprint for Maryland’s Future, enhances State aid to local school systems by \$251.6 million in fiscal 2020, consistent with the 2019 interim recommendations of the Commission on Innovation and Excellence in Education (Kirwan Commission), chaired by former University System of Maryland Chancellor Dr. William “Brit” Kirwan. While provisions in the fiscal 2020 State operating budget, and in the Budget Reconciliation and Financing Act, *House Bill 1407 (Ch. 16)*, restrict and direct funds to cover the \$251.6 million increase in State aid (as well as other provisions), funding of these fiscal 2020 enhancements is at the discretion of the Governor.

In total, approximately \$255.0 million is made available through separate legislation to implement The Blueprint for Maryland’s Future in fiscal 2020, contingent on enactment of *Senate Bill 1030*. Section 47 of the fiscal 2020 budget bill restricts \$100.8 million in Education Trust Fund (ETF) lockbox funds to specific purposes. It also expresses legislative intent that the Governor process a budget amendment to appropriate \$134.5 million in special funds set aside in fiscal 2019 to implement the Commission’s recommendations for the purposes of this bill. In addition, Chapter 16, the Budget Reconciliation and Financing Act of 2019, in conjunction with the budget bill, authorizes the Governor to appropriate, in fiscal 2020, specifically for special education grants under this bill: \$15.8 million in additional ETF revenues received due to the repeal of certain video lottery facility provisions of law; and \$4.0 million in general funds that were not needed for the Teacher Induction, Retention, and Advancement Pilot Program.

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*.

The Blueprint for Maryland’s Future

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 formulas; (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 began meeting in September 2016 and has met at least monthly (except during the legislative session) since then. In January 2018, the Commission issued a report with 59 preliminary policy recommendations grouped into five policy areas. In the preliminary report, the Commission requested an additional year in order to fully respond to its charge and included a legislative proposal for the 2018 legislative session to advance the Commission’s preliminary policy recommendations. Accordingly, Chapter 361 of 2018 extended the deadline for the Commission to complete its work to December 31, 2018. It also established and altered several

programs and mandated funding for them, consistent with many of the preliminary policy recommendations detailed in the January 2018 report, and established a special fund consisting of \$200 million in income tax revenue that must be deposited in the fund in fiscal 2019 for use in a future fiscal year to implement the Commission's final recommendations (a portion of which is being used in fiscal 2020).

The Commission resumed its work in April 2018 and divided into working groups to develop further specifics around the assumptions, policy decisions, and implementation considerations necessary to cost out the fiscal impact of the preliminary recommendations. Once approved by the Commission, staff and consultants estimated the costs of implementing each policy recommendation, with the ultimate goal of translating the costs into funding formula recommendations. In January 2019, the Commission issued an *interim report* with final policy recommendations and the total cost of implementing those recommendations. With the policy recommendations finalized and the total cost estimated, the Commission requested an extension to develop the State and local share of the total cost and the funding formulas to implement the recommendations. The Commission will resume its work in the 2019 interim, with a small working group charged with developing funding formula recommendations for the Commission to consider in fall 2019.

Senate Bill 1030 extends the term of the Commission to December 31, 2019; requires a final Commission report by December 1, 2019; and includes several provisions that align with the recommendations in the Commission's January 2019 Interim Report. Specifically, the bill establishes The Blueprint for Maryland's Future as State policy intended to transform the State's early childhood, primary, and secondary education system into a world-class system. The bill also establishes programs and funding for (1) Concentration of Poverty School Grant Program; (2) Teacher Collaborative Grant Program; (3) Teacher Salary Incentive Grant Program; and (4) Transitional Supplemental Instruction (TSI) for Struggling Learners. An additional \$65.5 million in both fiscal 2020 and 2021 is provided for special education services, with specified allocations to each local education agency. If any of this funding is not needed to fully implement individualized education programs and 504 plans for students with disabilities, each local board of education must use the remaining funding to implement other recommendations made in the Commission's January 2019 Interim Report.

In addition, the bill extends the declining enrollment grants to fiscal 2021, expands and extends the supplemental prekindergarten grants under Chapter 6 of 2017 to fiscal 2021, and extends the FRPM student count methodology for the compensatory aid program used to account for school and school system participation in the Community Eligibility Provision through fiscal 2025. The bill also establishes an independent Maryland Office of the Inspector General for Education and then an Office of Program Evaluation and Government Accountability within the Department of Legislative Services (DLS), both contingent on other actions.

The legislation also renames the Commission on Innovation and Excellence in Education Fund created under Chapter 361 of 2018 to The Blueprint for Maryland's Future Fund. This special, nonlapsing fund is the successor to the Commission fund and may be used only to assist in providing adequate funding for early childhood education and primary and secondary education

based on the recommendations of the Commission, including revised education funding formulas. The fund consists of \$200 million in income tax funds within the existing fund and, contingent on enactment of *Senate Bill 728/House Bill 1301 (both passed)*, any sales and use tax revenues in excess of \$100 million each year collected by the Comptroller from marketplace facilitators and certain out-of-state vendors.

The Concentration of Poverty School Grant Program provides grants to public schools in which at least 80% of the students were eligible for FRPM. For both fiscal 2020 and 2021, the State must distribute a grant to each local school board equal to \$248,833 for each eligible school; that same amount must be distributed by the local board to each eligible school. Each of these schools must employ one community school coordinator and provide full-time coverage by at least one health care practitioner, as specified. However, if the local school system has at least 40 eligible schools, the local board may distribute the funds in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions and services. Any excess funding must only be used for specified wraparound services or for a required needs assessment.

The Teacher Collaborative Grant Program, administered by the Maryland State Department of Education (MSDE) in consultation with the Maryland Higher Education Commission (MHEC), awards grants totaling \$2.5 million in each of fiscal 2020 and 2021, to collaboratives to develop model, state-of-the-art, professional development programs for prospective and current teachers. A collaborative must constitute a partnership of at least one local board, one teacher preparation program, and one exclusive employee representative. MSDE must evaluate the program and report to the Governor and General Assembly.

The Teacher Salary Incentive Grant Program, administered by MSDE, provides grants to county boards to increase teacher salaries to improve recruitment and retention of high-quality teachers. In each of fiscal 2020 and 2021, the State must distribute \$75 million to eligible counties for the grants, including specified allocations for each county. A local board receives a grant if it provides an average salary increase for teachers of at least 3.0% in fiscal 2020. However, funding is dependent on local boards providing required documentation. A county that did not receive a State grant in fiscal 2020 may apply for the grant in fiscal 2021 and must submit documentation showing that the required salary increase will be funded in fiscal 2021. Priority for use of the State funding for additional teacher salary increases must be given to increasing starting teacher salaries and salaries for teachers with less than five years of teaching experience. “Teacher” includes any certificated school system personnel who are not administrators and who, as of April 1, 2019, bargain with classroom teachers.

For each of fiscal 2020 and 2021, the State must distribute to local boards of education funds totaling \$23 million, as allocated by the bill, for the provision of TSI for struggling learners, which involves additional academic support using evidence-based programs and strategies that meet the expectations of strong or moderate evidence as defined in the federal Every Student Succeeds Act (ESSA). TSI includes one-on-one and small-group tutoring with a certified teacher, a teaching assistant, or any other trained professional; cross-age peer tutoring; and screening,

identifying, and addressing literacy deficits. Struggling learners are students who perform below grade level in English/language arts or reading in kindergarten through grade 3.

In the January 2019 Interim Report, the Commission recommended that for the compensatory education formula and new concentration of poverty formula, direct certification including Medicaid eligibility should be used as the proxy for poverty in the future instead of eligibility for FRPM. Funded by the U.S. Department of Agriculture, MSDE has issued a contract to develop a Maryland Direct Certification System to include matching processes for the Supplemental Nutrition Assistance Program, Temporary Cash Assistance, and foster care to identify low-income students. *Senate Bill 1030* requires MSDE to include the capability to verify student eligibility using Medicaid data in the new information technology system that is currently under development. MSDE and the Maryland Department of Health (MDH) must enter into a memorandum of understanding to allow for the sharing of Medicaid eligibility data between the two departments by December 1, 2020.

The bill also establishes the Maryland Office of the Inspector General for Education, contingent on the Governor releasing fiscal 2020 funding to implement the bill. The office is an independent unit of the State and the Inspector General (IG) position is established within the office. The IG is responsible for examining local boards of education, local school systems, and public schools; nonpublic schools that receive State funds; MSDE; and the Interagency Commission on School Construction. The IG may employ specified staff and receive and investigate complaints or information concerning fraud, waste, and abuse involving the use of public funds; violations of the civil rights of students and employees; whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with federal and State law; and compliance with other federal and State laws.

Contingent on the enactment of *Senate Bill 640/House Bill 1113 (both passed)*, which create an Office of Program Evaluation and Government Accountability (OPE) in DLS, local school systems are subject to performance evaluations conducted by OPE. The performance evaluations may be performed concurrently with or separately from an audit conducted by the Office of Legislative Audits. For a more detailed discussion of this issue, see the subpart “General Assembly” within Part C – State Government of this *90 Day Report*.

The bill includes other provisions related to (1) funding for each local school system for the mental health services coordinator that each local school system must appoint, pursuant to the Safe to Learn Act (Chapter 30) of 2018; (2) creating a workgroup to study the capability of MSDE and MHEC to carry out their responsibilities and duties and to implement The Blueprint for Maryland’s Future; (3) funding for outreach and training needed to implement The Blueprint as specified; (4) requesting the Commission to develop an implementation schedule that phases in the recommendations and funding as evenly as practicable over the phase-in period; (5) updating obsolete references to the annual inflation index applied to specified education formulas; (6) intent language on maintenance of effort; (7) expanding the type of organizations that can sponsor school-based health centers; and (8) reporting requirements for local boards of education on specified funding distribution.

Finally, the bill requires the Governor to include \$355 million in the fiscal 2021 budget and \$500 million in fiscal 2022 to implement The Blueprint for Maryland’s Future, with \$130 million of the fiscal 2022 mandate contingent on additional revenues as a result of legislation enacted in the 2019 and 2020 legislative sessions. **Exhibit L-2** shows the current available revenues and spending to implement The Blueprint for Maryland’s Future in fiscal 2020 through 2022.

Exhibit L-2
Funding for The Blueprint for Maryland's Future

Revenues Currently Available

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
ETF Lockbox	\$100,750,000	\$225,750,000	\$350,750,000
The Blueprint for Maryland's Future Fund	134,500,000	65,500,000	
Additional ETF	15,766,919	15,981,861	16,199,559
TIRA Pilot Program unused funds	4,000,000	4,000,000	4,000,000
Corporate Filing Fees		36,000,000	
Marketplace facilitators/out-of-state vendors		TBD	TBD
Total	\$255,016,919	\$347,231,861	\$370,949,559

Notes: (1) \$24.25 million of the first \$125 million ETF Lockbox allocation is not available for The Blueprint for Maryland's Future because it is being used to fund a portion of the 2018 Kirwan initiatives; (2) fiscal 21 and 22 ETF revenues assume the full additional ETF Lockbox amount is used to implement The Blueprint for Maryland's Future; and (3) sales tax revenues from marketplace facilitators and out-of-state vendors that exceed \$100 million annually beginning in fiscal 20 are dedicated to The Blueprint Fund, contingent on enactment of legislation.

Spending Priorities

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Prekindergarten	\$31,677,733	\$53,580,852	\$53,580,852
Teacher Salary Incentive	75,000,001	75,000,001	75,000,001
Concentration of Poverty Grants	54,620,597	58,850,758	58,850,758
Transitional Supplemental Instruction	23,000,000	23,000,000	23,000,000
Special Education	65,468,588	65,468,588	65,468,588
Mental Health Coordinators	1,999,992	1,999,992	1,999,992
Teacher collaboratives	2,500,000	2,500,000	2,500,000
Outreach/training	250,000	250,000	250,000
MSDE IT System	500,000	150,000	150,000
Declining enrollment grants		16,655,611	16,655,611
The Blueprint for Maryland's Future Fund		58,000,000	73,000,000
Subtotal	255,016,911	355,455,802	370,455,802
The Blueprint Fund contingent on revenues		TBD	130,000,000
Total	255,016,911	355,455,802	500,455,802
Inspector General for Education Office	689,137	767,162	792,560
Grand Total	\$255,706,048	\$356,222,964	\$501,248,362

ETF: Education Trust Fund
MSDE: Maryland State Department of Education
TIRA: Teacher Induction, Retention, and Advancement

IT: information technology
TBD: to be determined

Notes: (1) Fiscal 20 funding for the Inspector General for Education is in the budget contingent on enactment of legislation and the Governor's release or transfer of fiscal 20 funding restricted in the budget for The Blueprint; (2) up to \$95 million of sales tax revenues from marketplace facilitators and out-of-state vendors may be used to provide additional special education funding in fiscal 21; and (3) fiscal 22 amounts assume level funding for programs; funding above \$370 million is contingent on additional available revenues enacted in the 2019 or 2020 sessions.

Source: Department of Legislative Services

State Aid to Nonpublic Schools

Eligible nonpublic schools receive assistance from the State in the operating budget through the Aid to Non-Public Schools Program, which supplies textbooks and technology, and the Broadening Options and Opportunities for Students Today (BOOST) Program, which provides scholarships to FRPM students to attend nonpublic schools. Funding for both of these programs is provided using special funds from the Cigarette Restitution Fund. In the capital budget, the James E. “Ed” DeGrange Nonpublic Aging Schools (DeGrange) Program provides funds to nonpublic schools for improvements, repairs, school security improvements, and deferred maintenance in nonpublic school buildings.

Since fiscal 2016, additional language regarding nondiscrimination in employment and student admissions has been included in the annual authorization for the Aid to Non-Public Schools Program. Schools must first participate in Aid to Non-Public Schools to participate in the BOOST Program or the DeGrange Program. Adjustments have been made to the nondiscrimination requirements in the annual authorizations for these programs. For fiscal 2020, the General Assembly added the requirement that in addition to employment and admissions, participating nonpublic schools may not discriminate in retention, expulsion, or otherwise against any student. In addition, the General Assembly required participating schools not to discriminate against students on the basis of gender identity or expression, which had previously not been specified under the requirements.

The BOOST Program received nearly \$6.6 million in new funding in fiscal 2020, as well as nearly \$1.0 million in funding from fiscal 2019 that is carried forward. This brings total funding for BOOST to approximately \$7.5 million, which is \$100,000 more than what was available for awards in fiscal 2019. Language also specifies that \$700,000 of the authorized funding must be used only to provide an additional award to each student with disabilities that is at least equal to their base BOOST Program scholarship, and that limits on scholarship award amounts do not apply to students with disabilities. Other requirements on providing assessments, reporting, and making all awards by a specified date were restored by the General Assembly to the fiscal 2020 authorization.

The capital budget as passed by the General Assembly increased the general obligation (GO) bond authorization for the DeGrange Program by \$0.5 million, providing a total of \$4.0 million in fiscal 2020. Additionally, language was added to (1) allow nonpublic schools serving students with disabilities through the State’s Nonpublic Placement Program to receive funds; (2) require that funds be spent within three years after which they become available for the general Public School Construction Program; and (3) specify that approximately \$1.0 million in funding be provided to specific nonpublic schools.

Additionally, the operating budget includes \$3.5 million in pay-as-you-go (PAYGO) funding for safety improvements in nonpublic schools to which the General Assembly added language specifying which nonpublic schools are eligible to receive funds and in which amounts.

Public School Construction: The fiscal 2020 capital and operating budgets provide a total of \$500.6 million for school construction, an increase of \$62.5 million above the Governor’s

proposed plan. This includes \$326.1 million in GO bonds and \$167.0 in PAYGO for public school construction, as well as \$4.0 million in GO bond funds and \$3.5 million in PAYGO for nonpublic school construction.

The general Public School Construction Program receives \$378.8 million in total new funding in fiscal 2020. The capital budget provides \$251.8 million in GO bond funding (a \$28.2 million decrease from the budget as introduced, though there is a corresponding increase of \$28.2 million for the Supplemental Capital Grant Program for local school systems with Significant Enrollment Growth or Relocatable Classrooms (EGRC)). The operating budget provides \$127.0 million as PAYGO funding restricted from the Revenue Stabilization Account and the Dedicated Purpose Account (DPA), which is at the discretion of the Governor to release. Of the DPA restricted funding, language restricts \$9.3 million to reimburse counties that forward funded the State's share of eligible public school construction costs and cannot be reimbursed with GO bonds. The Interagency Commission on School Construction (IAC) has already approved projects for \$210.0 million in funding and has made preliminary recommendations for \$280.0 million. Therefore, assuming that the Governor releases all restricted PAYGO funds, the remaining \$98.8 million in unallocated funding remains to be recommended and approved for projects by IAC. Public School Construction Program fiscal 2020 funding amounts are shown by county in **Exhibit L-3**.

Exhibit L-3
Public School Construction Program Funding
Fiscal 2020
(\$ in Thousands)

<u>Local Education Agency</u>	75% Approved Funding	100% Preliminary Funding
Allegany	\$2,276	\$3,034
Anne Arundel	20,442	28,925
Baltimore City	22,720	29,050
Baltimore	23,180	31,365
Calvert	1,455	1,938
Caroline	9,345	13,845
Carroll	5,317	6,847
Cecil	2,213	3,213
Charles	11,981	15,968
Dorchester	3,294	4,391
Frederick	13,751	18,250
Garrett	241	362
Harford	9,194	11,279
Howard	1,688	1,688
Kent	1,113	1,541
Montgomery	27,017	33,716
Prince George's	13,228	19,981
Queen Anne's	505	652
St. Mary's	3,476	4,600
Somerset	2,371	3,157
Talbot	6,925	9,000
Washington	9,379	12,154
Wicomico	9,639	12,709
Worcester	3,252	4,336
Maryland School for the Blind	6,000	8,000
Subtotal	\$210,000	\$280,000
Unallocated		98,800
Total	\$210,000	\$378,800

Note: Preliminary recommendations for total funding include both general obligation bond funding of \$251.8 million, and restricted pay-as-you-go funding of \$127.0 million that is assumed to be released by the Governor. The Interagency Commission on School Construction will allocate all available funds yet to be approved, including available contingency funds, to projects in the Capital Improvement Plan on a later date.

Source: Interagency Commission on School Construction; Department of Legislative Services

The fiscal 2020 capital budget, as introduced, included the statutory \$40.0 million for EGRC. 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-4** details the distribution of the funding.

Exhibit L-4
Capital Grant for Local School Systems with
Significant Enrollment Growth or Relocatable Classrooms
Fiscal 2020
(\$ in Thousands)

<u>Local Education Agency</u>	<u>As Introduced</u>	<u>Additional</u>	<u>Total</u>
Anne Arundel	\$6,075	\$1,860	\$7,935
Baltimore County	8,267	2,545	10,812
Howard	4,186	1,276	5,462
Montgomery	11,869	14,034	25,903
Prince George's	9,603	8,485	18,088
Total	\$40,000	\$28,200	\$68,200

Source: Interagency Commission on School Construction; Department of Legislative Services

The operating and capital budgets passed by the General Assembly also authorized \$30.0 million in PAYGO for the Healthy School Facility Fund, \$10.0 million in PAYGO for public school safety improvements, and \$6.1 million for the Aging Schools Program. For further discussion of public school construction, see Part A – Budget and State Aid in this *90 Day Report*.

Public-private Partnerships: *Senate Bill 1011 (passed)* establishes the Prince George's County Public-Private Partnership Fund (fund) to pay a public or private entity for the availability payment due under a public-private partnership agreement authorized by the bill to construct or renovate public school facilities in the county. Prince George's County, the Prince George's County Public Schools, and IAC may enter into a memorandum of understanding (MOU) that, among other provisions, identifies a dedicated source of State funding and specifies any amounts to be contributed to the fund by the county and the school board for availability payments. The bill exempts projects in Prince George's County that use alternative financing methods from specified requirements for public school construction projects in the State, including the State and local cost-share formula. The bill also expresses the intent of the General Assembly that the Governor provide sufficient funding and experts for IAC to help local school systems negotiate and execute public-private partnership agreements for school construction.

Regional Schools: *Senate Bill 653 (passed)* authorizes local school boards in Howard and Carroll counties to establish innovative regional schools that (1) admit students from either or both counties under an MOU agreed to by both local school boards and both counties' governing bodies and (2) offer special courses or curricula for an innovative education program. The MOU must address equitable access for students with disabilities, transportation arrangements, and

cost-sharing responsibilities. The bill also requires the IAC to study and develop a State and local cost-share formula for regional schools and report its findings and recommendations by January 1, 2020.

Statewide Education Policy

Public School Calendar

Annual School Year: Public schools must be open for a certain number of days and hours during each 10-month period. 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. Under Chapters 34 and 35 of 2018, a local board of education is authorized to extend the school year for up to five school days beyond June 15 without approval from the State Board of Education. **Senate Bill 128 (Ch. 13)**, the Community Control of School Calendars Act, repeals the provision established by Chapters 34 and 35 and instead requires each local board of education to set start and end dates each year for public schools in the county. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2019 session and the bill became law. The Act effectively repeals any law prohibiting a local board from beginning or ending its school year before or after a certain date, including the executive order. It is an emergency bill and took effect immediately.

Black History Month: **Senate Bill 879 (passed)** requires public schools to devote a part of at least one school day to appropriate exercises that relate to Black History Month, with an emphasis on Harriet Tubman and Frederick Douglass and the contributions they made in the fight against slavery.

Curriculum and School Activities

Robotics Grant Program: **Senate Bill 180/House Bill 132 (both passed)** make nonprofit organizations that (1) provide youth with an out-of-school-time experience that focuses on personal and workforce development and (2) serve public school students as a majority of its participating youth, eligible to receive funding through the Robotics Grant Program if the organization is associated with a public school. Grants awarded through the program must, to the extent practicable, ensure geographic diversity among all program grantees. The Governor is required to increase funding for the program in the annual State budget from \$250,000 to \$350,000 beginning in fiscal 2021.

Maryland Association of Environmental and Outdoor Education Grants: The Maryland Association of Environmental and Outdoor Education (MAEOE) manages and operates the Maryland Green Schools and Green Centers programs. This involves training green centers and green leaders to support teachers and students to implement sustainable activities and allowing a green school to demonstrate that by integrating hands-on, inquiry-based instruction, youth are empowered to apply knowledge practically. **Senate Bill 662/House Bill 1366 (both passed)** require the Governor to provide specified funding to MAEOE in fiscal 2021 through 2026. An

annual evaluation of the impact of this funding must be conducted in calendar 2022 through 2027 and, on completion, provided as specified.

Arts Education in Maryland Schools Alliance: In 2019, the Arts Education in Maryland Schools (AEMS) Alliance will begin a pilot of Artlook Maryland for two counties and Baltimore City, in direct response to a recommendation in The Governor’s P-20 Leadership Council Task Force on Arts Education in Maryland Schools report published in 2014. The goal of Artlook Maryland is to establish a comprehensive, statewide data system that collects elementary, middle, and high school data on fine arts instruction to increase access, equity, and quality of arts education in Maryland public schools. *Senate Bill 896/House Bill 657 (both passed)* require the Governor to include at least \$100,000 in the annual State budget in fiscal 2021 through 2023 for a grant to the Board of Trustees of the AEMS Alliance for the development, implementation, and maintenance of the Artlook Map Maryland (Artlook Maryland) Project. The fiscal 2020 budget restricts \$150,000 in grant funds for AEMS subject to the Governor’s discretion to release.

Use of Standardized Assessment for Graduation from High School: ESSA, the most recent reauthorization of the Elementary and Secondary Education Act, requires annual assessments of all students in certain grades and in certain subjects. Maryland is in the process of transitioning from the Partnership for Assessment of Readiness for College and Careers assessments to the Maryland Comprehensive Assessment Program (MCAP) to meet the federal requirements in ESSA. MSDE reports that MCAPs will be fully implemented by 2020. *House Bill 1019 (passed)* authorizes the State Board of Education to require a passing score on a standardized assessment to evaluate a student for graduation from high school only *after* the assessment has been field tested and piloted for at least one year.

Alternatives to the Traditional Public School Model

Innovative Regional Schools: *Senate Bill 653 (passed)* authorizes the local boards of education in Carroll and Howard counties to establish innovative regional schools, which are schools that (1) offer special courses or curricula for an innovative education program and (2) admit students from the Carroll County or Howard County public school systems under an MOU outlining each local board’s responsibilities in the governance, operations, maintenance, and financing of the school. The MOU must be approved by the county governing body of Carroll County and Howard County. The MOU may establish a geographic area of attendance, and if more students apply than can be accommodated, the school must admit students based on a lottery. While the MOU may establish required payments of each county served by an innovative regional school, the payments can only come from county appropriations. Innovative regional schools may be established without the approval of the State Board of Education or the State Superintendent of Schools. The IAC must develop a State and local cost-share formula for cross-county schools and report to the Governor and General Assembly by January 1, 2020.

Community Schools: Chapter 300 of 2016 required MSDE to notify school systems and community schools that certain federal education funds could be used for expenses associated with community schools. *Senate Bill 661 (passed)* establishes community schools in the State and specifies the purpose and requirements of a community school. Specifically, a “community

school” is defined as a public school that establishes a set of strategic partnerships between the school and other community resources that promote student achievement; positive learning conditions; and the well-being of students, families, and the community. A local school system or an existing public school may form a school-community partnership with a community-based organization for the planning and implementation of a community school. A local school system must review and approve a community school and a community school may not be implemented without local school system approval. A local school system is also required to make public funding available to a community school. The bill expresses legislative intent that money appropriated for the Concentration of Poverty School Grant Program in accordance with [Senate Bill 1030](#), The Blueprint for Maryland’s Future, must be used to offset the fiscal 2020 and 2021 cost of implementation of the bill for community schools with at least 80% of students eligible for FRPM.

Pathways in Technology Early College High Schools: Chapter 144 of 2016 established Pathways in Technology Early College High (P-TECH) schools in Maryland, which are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace. The result is intended to be a seamless pathway that enables students to graduate in six years or less with a high school diploma, an associate degree, and relevant professional experience. One of the goals of P-TECH schools, which distinguishes them from other early college programs, is for students to earn a credential and workplace skills that are aligned with industry needs and expectations.

Chapter 591 of 2017 established funding mechanisms for students attending a P-TECH school and required beginning in fiscal 2019 that no new P-TECH planning grants may be awarded to establish a new P-TECH school until the 2016-2017 cohort of P-TECH students completes the six-year pathway sequence (*i.e.*, the 2022-2023 school year/fiscal 2023). [House Bill 440 \(passed\)](#) allows for the award of no more than three new P-TECH planning grants in fiscal 2020. The fiscal 2020 budget includes \$200,000 for new planning grants, contingent on enactment of [House Bill 440](#).

Students with Special Needs

Students with Reading Difficulties: [Senate Bill 734 \(passed\)](#) requires, beginning with the 2020-2021 school year, each local school board to ensure that specified students are screened to identify if the student is at risk for reading difficulties. If the screening results indicate that the student is at risk for reading difficulties, the local board must provide supplemental reading instruction, as appropriate, and provide a notification letter to the student’s parent as specified. MSDE must develop and update resources for local boards every four years and provide technical support to local boards allowing them to provide training opportunities annually. Local boards must report annually to MSDE beginning with the 2020-2021 school year. The bill expresses legislative intent that funding provided in [Senate Bill 1030](#), The Blueprint for Maryland’s Future, for TSI for Struggling Learners be used to offset the implementation costs of the bill.

Timeline for Independent Educational Evaluations: The federal Individuals with Disabilities Education Act requires that a child with disabilities be provided a free appropriate

public education in the least restrictive environment from birth through the end of the school year in which the student turns 21 years old, in accordance with an individualized family service plan (IFSP) or individualized education program (IEP) specific to the individual needs of the child. **House Bill 611 (passed)** authorizes a parent who disagrees with the educational evaluation regarding a child's IFSP, IEP, or special education services to request an independent educational evaluation at public expense in accordance with regulations adopted by MSDE. The local school system must provide a written response approving or denying a request within 30 days of the date the request was made. If the local school system approves a request, the written response must advise the parent of the process for arranging the evaluation at public expense. If the local school system denies a request, the local school system must file a due process complaint within 30 days of the date of the denial.

Educational Stability for Homeless Children: Provisions of two federal laws, ESSA and the McKinney-Vento Homeless Assistance Act, were recently changed to better serve and protect children in foster care in regard to school stability. Under these changes, children awaiting foster care placement must be served under ESSA rather than the McKinney-Vento Act. To that end, "awaiting foster care placement" was removed from the definition of "homeless" for purposes of the McKinney-Vento Act. **Senate Bill 127 (passed)** updates references to federal law in State statutes to reflect these changes.

Equal Access to Public Services for Individuals with Limited English Proficiency: **House Bill 1144 (passed)** requires each local board of education to take reasonable steps to provide equal access to public services for individuals with LEP. Reasonable steps include (1) provision of oral language services for LEP parents and guardians, which must be through face-to-face, in-house oral language services if in-person contact is on a weekly or more frequent basis and (2) translation of vital documents ordinarily provided to the public in any language spoken by any LEP population that constitutes at least 3% of the overall population within the county as measured by the U.S. Census.

Health

Maryland School-based Health Center Standards: A school-based health center (SBHC) is a health center located in a school or on a school campus that provides on-site comprehensive preventative and primary health services. The Maryland School-Based Health Center Policy Advisory Council, established in 2003, is mandated to establish uniform statewide standards for SBHCs. In Maryland, there are two primary models of school health services: (1) a nurse in every school; or (2) a paraprofessional in each school with a registered nurse supervisor covering two to four schools. According to MSDE, there are 85 SBHCs in Maryland. All SBHCs in Maryland must meet minimum requirements, including that each SBHC must have a designated site coordinator, with administrative duties outlined in a job description. Additionally, a physician consultant must be available to staff to discuss clinical issues as needed. **Senate Bill 404/House Bill 47 (both passed)** require MSDE and MDH, by August 1, 2019, to revise Maryland SBHC standards to (1) repeal current requirements that SBHCs have a medical director who is a physician and that a physician consultant be available to SBHC staff to discuss clinical issues as needed and

(2) authorize a licensed physician or nurse practitioner to serve as a clinical director or consultant of an SBHC.

Resources for Deaf or Hard of Hearing Individuals and Their Parents: The Hearing Aid Loan Bank Program in MSDE loans hearing aids on a temporary basis to the parent or legal guardian of an eligible child younger than age 18. *Senate Bill 677/House Bill 1384 (both passed)* alter the Hearing Aid Loan Bank Program in MSDE by renaming the program and the associated loan bank. The bills expand eligibility for the program to include students up to age 21 if the student has not graduated from high school and expands the program’s purpose and function to include language and communication videos and access to specified resources. For further discussion of these bills, see the subpart “Higher Education” within this part and the subpart “Health Care Facilities and Regulation” within Part J – Health and Human Services of this *90 Day Report*.

School Psychologists: The January 2019 Interim Report of the Maryland Commission on Innovation and Excellence in Education indicates an industry-recognized standard of 500 to 700 students per psychologist. *House Bill 844 (passed)* requires each local school system to submit information regarding the ratio of school psychologists to students in the local school system. Each local school system must submit an interim report by July 1, 2020, and a final report by December 1, 2020.

Students with Sickle Cell Disease: Pursuant to the requirements of Chapters 385 and 386 of 2018, *House Bill 1349 (passed)* extends the dates by which MSDE and MDH must (1) establish guidelines for public schools regarding the administration of health care services to students with sickle cell disease (extended until August 2019); (2) provide technical assistance to schools to implement the guidelines (extended until September 2019); and (3) report on the implementation (extended until December 2020).

Safety

School Safety Subcabinet Advisory Board Membership: The Maryland Safe to Learn Act of 2018 (Chapter 30) established a School Safety Subcabinet chaired by the State Superintendent of Schools that includes five other State agency leaders. The subcabinet serves as the governing board for the existing Maryland Center for School Safety. Chapter 30 also created the School Safety Subcabinet Advisory Board, which includes a broad array of stakeholders to advise and assist the subcabinet in carrying out its duties. *Senate Bill 318 (passed)* adds a representative of nonpublic special education schools to the board, appointed by the Governor.

Nonpublic School Fire Drill Requirements: Chapter 176 of 2017 required the State Superintendent to require each county superintendent to hold a fire drill in each public school in accordance with the State Fire Prevention Code. *Senate Bill 465/House Bill 1186 (both passed)* conform fire drill requirements for nonpublic schools to those of public schools. Specifically, they require each nonpublic school in the State to (1) hold fire drills in accordance with the State Fire Prevention Code; (2) keep records of each fire drill; and (3) send a copy of the records to the State Board of Education.

Child Sexual Abuse Prevention in Hiring Process: A county board may not knowingly hire or retain any individual who has been convicted of specified crimes, including crimes of violence and child sexual abuse. Nonpublic school contracts and local school system contracts must prohibit contractors or subcontractors from knowingly assigning an employee to work on school premises with direct, unsupervised, and uncontrolled access to children if the employee has been convicted of such crimes. Chapter 31 of 2018 required a local board of education or a nonpublic school that receives State funds to require each employee to receive instruction annually on the prevention, identification, and reporting of child sexual abuse. ***Senate Bill 541/House Bill 486 (both passed)*** set forth a process, including requirements for specific documentation regarding whether an individual has ever been disciplined for allegations of “child sexual abuse” or “sexual misconduct,” for the hiring of public school and nonpublic school employees who have direct contact with minors.

Restorative Practices in Student Discipline: Chapter 762 of 2017 established the Commission on the School-to-Prison Pipeline and Restorative Practices, staffed by the Center for Dispute Resolution at the University of Maryland School of Law. The commission was charged with, among others, studying disciplinary practices in Maryland public schools and national best practices for training school personnel in restorative practices and recommending legislative and policy initiatives to create a statewide framework for redesigning public school discipline practices.

Under ***House Bill 725 (passed)***, which reflects one of the commission’s recommendations included in its December 20, 2018 final report, a local school board’s regulations related to discipline must provide for restorative practices and state that the primary purpose of any disciplinary measure is rehabilitative, restorative, and educational. The bill defines “restorative approaches” as a relationship-focused student discipline model that (1) is preventive and proactive; (2) emphasizes building strong relationships and setting clear behavioral expectations that contribute to the school community well-being; (3) in response to behavior that violates clear behavioral expectations, focuses on accountability for any harm done by the problem behavior; and (4) addresses ways to repair the relationships affected by the problem behavior with the voluntary participation of an individual who was harmed. The legislation requires the State Board of Education to provide technical assistance and training to county boards of education, on request, regarding the use of restorative approaches. MSDE must report every year, by October 1, regarding student discipline data and the uses of restorative approaches and disciplinary policies and practices in the State.

Governance

Membership of the State Board of Education: ***Senate Bill 529/House Bill 87 (both passed)*** increase the membership of the State Board of Education from 12 to 14 members by adding one certified teacher who is actively teaching in the State and one parent of a student enrolled in a public school. The teacher member who receives the highest number of votes after an election by teachers in the State must be appointed by the Governor, with the advice and consent of the Senate. MSDE must provide notice of the teacher member vacancy to (1) all certified teachers who are actively teaching in the State and (2) all teachers’ organizations representing teachers in the State

for purposes of collective bargaining. For the parent member, the Governor must appoint the parent member from a list of three qualified individuals submitted by the Maryland Parent Teacher Association. The teacher and parent members may attend and participate in an executive session of the State board; however, the teacher member may not vote on any matter that relates to appeals to the State board related to the suspension or dismissal of teachers, principals, and other professional personnel.

Removal of County Superintendents: *Senate Bill 747/House Bill 238 (both passed)* authorize a local board of education to remove a local superintendent of schools for the same reasons that the State Superintendent of Schools may remove a local superintendent: immorality; misconduct in office; insubordination; incompetency; or willful neglect of duty. To remove a local superintendent, the State Superintendent or local board must provide the local superintendent with (1) the reason for removal; (2) documentation supporting the case for removal; and (3) the opportunity to request a hearing within 10 days before the State Superintendent or local board, respectively. The local superintendent may appeal the decision of the State Superintendent or the local board to the State Board of Education. The bills do not apply to Baltimore City.

Vacancies on County Boards of Education: Procedures for filling a vacancy of an elected school board member vary by jurisdiction. The majority of school boards are not required by statute to provide a list of candidates to fill a vacancy. However, several counties are required to undertake a process for filling a vacancy that involves some type of public notice. *Senate Bill 334 (passed)* requires an appointing authority of a local school board to provide a list of the names of the candidates for a vacancy of an elected board member upon request (1) to the individual making the request or (2) by publication on the website of the appointing authority.

Transparency: *House Bill 355 (passed)* requires that if the custodian of a public record for a local school system charges an applicant a fee, the custodian must provide written notice to the applicant that the applicant may file a complaint with the State Public Information Act Compliance Board to contest the fee. The bill also requires each local school board to report annually specified information for the immediately preceding fiscal year to the Department of Budget and Management (DBM) beginning January 1, 2020. For specified counties, the bill requires several years of prior-year data. DBM must post the required information on its Funding Accountability and Transparency website. The bill's reporting requirements may not be construed to require the disclosure of information that is confidential under federal, State, or local law.

Collective Bargaining: *House Bill 1259 (passed)* alters the definitions of “supervisory employee” and “management personnel” for noncertificated employees of local school systems by removing a provision of law that allows the status of a supervisory employee or management personnel to be determined by the local board of education in negotiation with the exclusive representative that requests negotiation on the issue. 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 be the subject of negotiations.

Student and Education Data

Student Data Privacy Council: The Student Data Privacy Act of 2015 (Chapter 413) established requirements for an operator of specified websites, online services, online applications, and mobile applications. Operators may use aggregated or de-identified information under certain circumstances. Chapter 413 does not apply to general audience websites, online services, online applications, or mobile applications, even if a login is created. *House Bill 245 (passed)* establishes the Student Data Privacy Council to (1) study the development and implementation of the Student Data Privacy Act of 2015 to evaluate the impact on the protection of covered information; (2) review and analyze similar laws and best practices in other states; (3) review and analyze developments in technologies related to student data privacy; and (4) make recommendations on statutory and regulatory changes to the Student Data Privacy Act and whether to repeal the termination date of the Act that established the council to make the council permanent. MSDE must staff the council. The council must report its findings and recommendations to the Governor and General Assembly by December 31, 2020.

Juvenile and Disciplinary Data: Chapter 190 of 2010 established the Maryland Longitudinal Data System (MLDS) to contain de-identified individual-level student data and workforce data from all levels of education and the State's workforce. The legislation also established the MLDS Center within State government to serve as a central repository for the data, to ensure compliance with federal privacy laws, to perform research on the data sets, and to fulfill education reporting requirements and approved public information requests. *House Bill 704 (passed)* adds juvenile delinquency records and elementary and secondary school discipline records to the types of data that are collected and analyzed by the MLDS Center, which were previously excluded in statute. As with the other agencies and entities involved with the MLDS Center, the bill adds the Department of Juvenile Services to the list of entities required to provide student and workforce data sets to MLDS and adds the Secretary of Juvenile Services, or the Secretary's designee, to the Governing Board of the MLDS Center.

Geocoding and Average Wage Earnings: *House Bill 1206 (passed)* establishes a framework for two data transfer protocols related to MLDS Center research: (1) geocoding public school students' home addresses to the census tract and block level by each local school system; and (2) matching specified student information to tax information by the Comptroller.

Child Care Subsidies

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.

On average, the State's reimbursement rate was in the eleventh percentile of the market rate in fiscal 2018. MSDE has gradually raised reimbursement rates; in the most recent CCS expenditure quarterly report, MSDE reported that the average reimbursement rate was in the

twenty-fourth percentile in the first quarter of fiscal 2019. Chapters 563 and 564 of 2018 required the Governor to, from all fund sources, appropriate enough funds to raise the program’s reimbursement rates for each region to the following minimum percentiles: (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. *Senate Bill 181/House Bill 248 (both passed)* accelerate the fiscal 2022 requirement by one year. Therefore, in fiscal 2021 and annually thereafter, the Governor must appropriate funds in an amount sufficient to raise the program’s provider reimbursement rates to a minimum of the sixtieth percentile of the most recent market rate survey or its equivalent.

Zero-emission Vehicle School Buses

House Bill 1255 (passed) establishes the Zero-Emission Vehicle School Bus Transition Grant Program and Zero-Emission Vehicle School Bus Transition Fund. The Maryland Department of the Environment must consult with MSDE to administer the program and the fund. The purpose of the program is to provide grants to local boards of education (and entities that contract with local boards to provide transportation services) to (1) purchase school buses that are zero-emission vehicles; (2) install electric vehicle infrastructure for charging school buses that are zero-emission vehicles; (3) engage in planning for a transition to using school buses that are zero-emission vehicles; and (4) fund pilot programs to experiment with a transition to school buses that are zero-emission vehicles. For a more detailed discussion of this issue, see the subpart “Environment” within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Higher Education

Operating Funding

State support for higher education in the fiscal 2020 budget totals \$2.2 billion, an increase of \$140.6 million, or 6.8%, over fiscal 2019 as shown in **Exhibit L-5**. Public four-year institutions receive the bulk of the new State funds, totaling \$109.5 million, which includes new general funds and Higher Education Investment Funds.

Exhibit L-5
State Support for Higher Education
Fiscal 2019-2020

	<u>2019¹</u>	<u>2020²</u>	<u>\$ Change</u> <u>2019-2020</u>	<u>% Change</u> <u>2019-2020</u>
USM	\$1,397,448,597	\$1,500,735,213	\$103,286,616	7.40%
Morgan State University	97,513,591	102,443,023	4,929,432	5.10%
St. Mary's College	25,865,629	27,106,680	1,241,051	4.80%
MHEC Special Grants ³	2,428,584	4,079,220	1,650,636	68.00%
Maryland 529 State Contribution Match	6,326,500	6,326,500	0	0.00%
Community Colleges ⁴	322,388,973	331,698,276	9,309,303	2.90%
BCCC	40,381,052	40,129,773	-251,279	-0.60%
Independent Institutions	56,273,000	59,024,905	2,751,905	4.90%
MHEC Administration	7,411,434	7,889,752	478,318	6.50%
MHEC Student Financial Aid	115,268,225	132,429,471	17,161,246	14.90%
Total	\$2,071,305,585	\$2,211,862,813	\$140,557,228	6.80%

BCCC: Baltimore City Community College
MHEC: Maryland Higher Education Commission
USM: University System of Maryland

¹Fiscal 2019 general funds are adjusted to reflect general salary increases and a one-time bonus.

²Fiscal 2020 general funds are adjusted to reflect general salary increases, reductions related to legislative actions, and an across-the-board health insurance reduction; anticipated transfers from the Maryland Higher Education Commission; and funds restricted by the General Assembly contingent on transfer or release by the Governor

³Special grants funded with State general and special funds are included.

⁴Community College funds include the Senate John A. Cade formula, other programs, and fringe benefits.

Source: Maryland State Budget Books; Department of Legislative Services

Public Four-year Institutions

The University System of Maryland (USM) receives an increase of \$103.3 million, or 7.4%, over fiscal 2019, which includes \$65.2 million for general salary increases in fiscal 2020. Also included is a \$6 million increase mandated by Chapter 25 of 2016 – \$2.0 million to the University of Maryland, College Park Campus (UMCP) for the University of Maryland Center for Economic and Entrepreneurship Development and \$2.0 million each to the University of Maryland Baltimore County (UMBC) and Towson University to increase funding guideline attainment level. A \$2.5 million grant as stipulated in Chapter 590 of 2018 is provided to the University of Maryland, Baltimore Campus (UMB) to fund immunotherapy research and USM Office is provided \$1 million as mandated in Chapter 358 of 2018 to administer the Maryland Center for Computing Education.

USM also receives \$20 million to fund various workforce initiatives at the institutions and regional higher education centers. In addition, UMBC receives \$5.0 million in enhancement funding to hire additional instructional and research faculty, fund student success initiatives, and expand student support services. Finally, legislative action restricted funds for USM elsewhere in the budget that are at the discretion of the Governor: \$1.0 million to develop a physician assistant program at University of Maryland Eastern Shore; \$0.3 million for the Eastern Shore Center for Innovation, Entrepreneurship, and Economic Development at Salisbury University; and \$0.3 million to develop a nurse practitioner program at Frostburg State University.

Morgan State University receives an increase of \$4.9 million, or 5.1%, over fiscal 2019, which includes \$2.7 million in salary enhancements. Also included is \$1.9 million for deferred maintenance and facilities renewal projects and \$0.7 million to convert contractual positions to regular positions. St. Mary's College of Maryland receives an increase of \$1.2 million, or 4.8%, in State support over fiscal 2019, which includes \$0.3 million for general salary increases. It also includes \$0.8 million for the DeSousa-Brent Scholars Program, which is contingent on the 2015 cohort achieving a 70% four-year graduation rate. The data to determine if the 70% target was met will not be available until the completion of the spring 2019 academic semester.

The budget assumes a 2% increase in resident undergraduate tuition at the public four-year institutions; however, this is contingent upon approval of the governing boards.

Community Colleges

Overall, State funding for community colleges increases by about \$9.3 million, or 2.9%, over fiscal 2019. Funding under the Senator John A. Cade Funding (Cade) formula grows by \$9.3 million and funding for community college retirement programs increases by about \$1.6 million, while funding for other miscellaneous community college programs decreases by a total of \$2.2 million. The Cade formula increase does not include funding to reflect general salary increases at Maryland's selected public four-year institutions that are budgeted centrally in the Department of Budget and Management (DBM); those increases will be reflected in the fiscal 2021 Cade formula funding. The increase includes funding restricted by the General Assembly elsewhere in the budget for specific community college programs: (1) \$200,000 for the ACT WorkKeys program at Hagerstown Community College; (2) \$250,000 for the TeamBuilders

Academy at Prince George's Community College (PGCC); and (3) \$250,000 for the Queen Anne Academic Center at PGCC. This funding is at the discretion of the Governor to release.

Baltimore City Community College (BCCC)

BCCC, Maryland's only State-administered community college, has a separate statutory funding formula. In fiscal 2020, due to an ongoing decline in student enrollment, BCCC's hold harmless clause in current law maintains direct State support at the fiscal 2019 statutory level of \$39.5 million. When including English for Speakers of Other Languages funding of \$0.7 million, total State support for BCCC amounts to \$40.1 million, \$0.3 million, or 0.6% less than fiscal 2019.

Independent Institutions

Independent institutions receive \$59.0 million through the Joseph A. Sellinger formula in fiscal 2020, an increase of \$2.8 million, or 4.9%, from fiscal 2019. This growth is due to a scheduled increase in the statutory percentage used in the Sellinger formula for fiscal 2020. As with the Cade formula, the increase does not include general salary increases at the selected public four-year institutions that are included in DBM's budget. However, those increases will be reflected in the fiscal 2021 formula funding.

Financial Aid

Student financial aid programs receive a total of \$132.4 million in State support in the fiscal 2020 budget, a \$17.2 million, or 14.9%, increase over fiscal 2019. Funding is provided for two new scholarship programs: \$15.0 million as mandated in Chapter 554 of 2018 for the Maryland Community College Promise Scholarship (MCCPS), and \$1.0 million as stipulated in Chapter 597 of 2018 for the Richard W. Collins III Leadership with Honors Scholarship Program. The largest need-based aid program, the Delegate Howard P. Rawlings Educational Excellence Awards Program, receives \$86.4 million, an increase of \$1.7 million, or 2.0%, over fiscal 2019.

Capital Funding

Capital funding for public four-year institutions totals \$236.5 million for fiscal 2020, including \$34.0 million in academic revenue bonds authorized by *House Bill 1352 (passed)*. Community colleges receive \$83.1 million for the Community College Construction Grant Program and \$3.8 million for the new facilities renewal grant program. BCCC receives \$0.9 million and independent institutions receive \$17.6 million in capital funding for fiscal 2020. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *90 Day Report*.

College Affordability

Promise Scholarship

In 2018, Chapter 554 created MCCPS to provide tuition assistance to students who attend a community college in the State and meet specified eligibility criteria, including an income

limitation. The scholarship program starts in fiscal 2020 (2019-2020 academic year), and as required, the budget includes \$15.0 million for the program. MCCPS is a “last dollar” award, applied to eligible recipients after all nonloan aid has been applied, not to exceed \$5,000 annually or actual tuition, whichever is less. Like MCCPS, most local promise scholarship programs are intended to be “last dollar”; however, both the State and local promise programs cannot be last dollar. The Maryland Higher Education Commission (MHEC) determined that MCCPS awards will be applied *after* any local promise scholarships, making a MCCPS award the true last dollar. ***Senate Bill 240/House Bill 268 (both passed)*** reverse that determination by requiring that if a recipient is eligible for a local promise scholarship that is in effect on July 1, 2018, then a MCCPS award must be credited to the recipient’s tuition *before* the award of the local promise scholarship. In effect, the bills make qualified local promise scholarships the ultimate “last dollar” scholarships, instead of MCCPS.

Senate Bill 260 (passed), is an emergency bill that alters the eligibility requirements for a MCCPS award such that (1) an applicant must attend the applicant’s local community college unless the community college located in the applicant’s county or region does not offer the degree or certification program in which the applicant wants to enroll or the community college has an on-campus residential facility for students; (2) an applicant may enroll in noncredit courses that lead to licensure or certification; (3) an applicant may participate in a registered apprenticeship, although the award only covers costs associated with the parts of an apprenticeship that take place at the community college; and (4) an eligible applicant who does not receive an award due to insufficient funding remains eligible for the program the following year. The bill also alters the service obligation such that employment outside the State satisfies the requirement if the recipient lives in Maryland and allows a recipient who attains at least 48 credits at a community college to delay the service obligation until the completion of a baccalaureate degree. Finally, the bill alters the grade point average (GPA) requirement such that eligibility is based on an applicant’s cumulative GPA at the end of the first semester of the senior year in high school rather than at the time of graduation.

Dream Act

Chapter 191 of 2011, known as the Dream Act, was petitioned to referendum and approved by Maryland voters in November 2012. Under the Dream Act, an individual who attended a Maryland high school for at least three years and graduated from a Maryland high school or received the equivalent of a high school diploma in the State may pay the same tuition rates that resident students pay. To qualify, students must begin at a Maryland community college, subject to several requirements and conditions. After completing at least 60 credits at a community college, qualifying students may enroll at a public four-year institution of higher education and pay the equivalent of in-state tuition.

Senate Bill 537/House Bill 262 (both passed) expand the circumstances under which an individual is exempt from paying the out of-state tuition rate under the Maryland Dream Act by (1) removing the requirement that an individual earn an associate’s degree or 60 credits at a community college prior to receiving in-state tuition at a public four-year institution; (2) extending from four to six years the time by which an individual must register as an entering student after

graduating from high school or receiving the equivalent qualification in the State; (3) reducing the amount of time an individual must have attended a high school in the State from three years to any amount of time, although the individual still must have graduated from a Maryland high school or received the equivalent of a high school diploma in the State; and (4) altering the time period in which the individual or the individual's parent or legal guardian must have filed a Maryland income tax return. Finally, the bills grandfather individuals who, on or after June 15, 2012, were exempt from paying the out-of-state or out-of-county tuition rate at a public institution of higher education into paying in-state tuition.

Other Financial Aid and Scholarship Changes

Legislative Scholarships: During a term in office, each delegate may award the equivalent of four four-year, full-time scholarships or two part-time scholarships for each full-time scholarship available. Similarly, each senator may award \$138,000 in scholarship funds each year. Beginning on July 1, 2019, that amount will grow by the increase in tuition and mandatory fees over the previous year at the USM institution with the highest annual expenses. *House Bill 118 (passed)* expands eligibility for the delegate and senatorial scholarships to individuals who are eligible for in-state tuition, including individuals who are eligible for in-state tuition under the Dream Act.

Guaranteed Access Grants: Guaranteed Access (GA) grants are awarded to the neediest students to ensure that 100% of educational costs at public institutions of higher education are paid, not to exceed specified limits. In order to receive an award, MHEC must approve a student's application. In 2018, MHEC had processed only slightly more than one-fourth of the GA award applications by May 1, which is known as "decision day" for students choosing which institution to attend. *House Bill 824 (passed)* authorizes public institutions of higher education in the State or a private nonprofit institution eligible for the Sellinger State aid program to verify the eligibility of an applicant and administer the GA grant as specified beginning July 1, 2020. The bill also requires the Financial Assistance Advisory Council within MHEC to study the institution-based verification process for the GA grant authorized by the bill and submit recommendations to MHEC and institutions on implementation of the verification process by December 31, 2019.

Charles W. Riley: Chapter 503 of 2013 established the Charles W. Riley Firefighter and Ambulance and Rescue Squad Member Scholarship and repealed the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program, effectively converting the tuition reimbursement program to a scholarship program. Since the scholarship does not have a need-based component for eligibility, *Senate Bill 74 (passed)* repeals the requirement that applicants and recipients of the scholarship file for federal and State financial aid by March 1 of each year.

Walter Sondheim Jr: The Walter Sondheim Jr. Public Service Internship Scholarship Program assists college and graduate students with exploring public service career opportunities. Chapter 251 of 2016 established that scholarships awarded under the program must be at least \$2,000 and no more than \$3,000, subject to the availability of funds. *House Bill 93 (passed)* increases the award cap to \$5,000.

Tuition Waiver for Parents of a Deaf or Hard of Hearing Child: *Senate Bill 677/House Bill 1384 (both passed)* exempt a parent of a deaf or hard of hearing child from paying tuition at a public institution of higher education for one course that teaches a language or communication mode chosen by the parent to communicate with the child. For a discussion of the other provisions of the bills, see the subpart “Education – Primary and Secondary” within this part and the subpart “Health Care Facilities and Regulation” within Part J – Health and Human Services of this *90 Day Report*.

Community Safety and Strengthening Act

Senate Bill 793 (passed) authorizes the Johns Hopkins University to establish a police department based on a memorandum of understanding entered into by the university and the Baltimore Police Department regarding matters related to police jurisdiction and operations. For a more detailed discussion of this issue, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Consumer Protection

In recent years, several for-profit institutions of higher education have been reclassified as nonprofit institutions of higher education. However, these reclassifications have sometimes allowed for an arrangement in which an institution set up as a nonprofit could outsource a range of services to a separate for-profit company, creating a business structure that was not entirely for-profit, but was not a true nonprofit either. *Senate Bill 400/House Bill 461 (both passed)* alter the definition of “private nonprofit institution of higher education” to mean, in addition to previously existing criteria, that the institution (1) benefits no person through any part of its net earnings; (2) is legally authorized to operate as a nonprofit organization in each state in which it is physically located; and (3) is determined by the Internal Revenue Service to be an organization to which contributions are tax deductible. The bills require MHEC to determine whether an incident constitutes private inurement if a private nonprofit institution of higher education engages in a reportable incident as defined by the bills. By July, 1, 2019, MHEC, jointly with the Office of the Attorney General, must develop a procedure for determining and enforcing the classification of institutions of higher education as enacted by the bills.

Senate Bill 399/House Bill 464 (both passed) add several items to the list of specified information that a private career school or for-profit institution of higher education, including those that are required to register with MHEC, must provide to a prospective student prior to the student signing an enrollment agreement, completing registration, or making a financial commitment to the school or institution. All specified information must also be prominently displayed on the website of the school or institution without the need for providing personal information.

House Bill 594 (passed) prohibits a student loan servicer (*i.e.*, the entities collecting principal, interest, or other amounts owed on student loans) from taking specified adverse actions with regard to student loan borrowers. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions. For a more detailed discussion of *House Bill 594*, see the subpart

“Financial Institutions” within Part I – Financial Institutions, Commercial Law, and Corporations of this *90 Day Report*.

Institutions and the Maryland Higher Education Commission

University of Maryland Global Campus

In January 2019, the USM Board of Regents approved the changing of the name of the University of Maryland University College (UMUC) to be the University of Maryland Global Campus (UMGC). On January 23, 2019, the Board of Public Works approved contracts totaling \$500 million over six years for the university to market itself and its new name to the country. *Senate Bill 201/House Bill 319 (both passed)* rename UMUC to be UMGC. The bills also contain various provisions related to the continuity of transactions, employment, entities, records, real property, contracts, and other related topics.

USM Board of Regents

In 2018, the USM Board of Regents faced scrutiny in the aftermath of the death of a football player after a practice at UMCP. Questions arose about personnel decisions related to the football coach and payments to members who served on a commission to review culture of the football program, among other issues. As a result, *Senate Bill 719/House Bill 533 (both passed)* make significant changes to the composition and responsibilities of the USM Board of Regents in order to increase transparency and oversight. The bills expand the membership of the Board of Regents to include four additional members. The bills also specify requirements for the members appointed from the general public. The chairperson of the board, who is elected from among board members, is subject to the advice and consent of the Senate. Further, the board must (1) make available to the public live and archived video streaming of each open meeting; (2) allow time at each open meeting for public comment; and (3) include all motions and vote tallies from open and closed sessions in publicly available board meeting minutes. The bills also expand the responsibilities and reporting requirements of the board to include the review of annual financial disclosure statements filed by the Chancellor and the presidents; the training of new board members; and the approval of presidential search committee membership. Finally, until July 1, 2021, the bills require the board to notify the Governor, Senate President, and House Speaker at least 30 days before a contractual salary increase, negotiated severance package, or any other financial bonus for the Chancellor goes into effect.

Grievance Procedures and Disciplinary Actions

According to USM’s grievance policies, effective in 2018, exempt employees who are represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article are at-will employees. Under *Senate Bill 711/House Bill 822 (both passed)*, these exempt employees may only be removed, suspended, or demoted for cause. This includes many categories of higher education personnel at USM, but specifically excludes several categories of higher education employees, including faculty, student employees, administrators, and contingent employees. For a further discussion of these bills, see the subpart “Personnel” within Part C – State Government of this *90 Day Report*.

Athletic Programs

Senate Bill 798/House Bill 876 (both passed) require, by October 1, 2019, each institution of higher education in the State to develop and adopt a written policy for receiving and addressing student concerns about the institution’s athletic programs that includes specified elements. Each institution and MHEC must submit the policy and report the number of students who shared concerns under the policy during the preceding fiscal year.

Workforce Readiness Grant Program

Senate Bill 515/House Bill 1115 (both passed) establish a Workforce Readiness Grant Program to provide matching grants to each community college to improve the community college’s technology. The bills authorize the Governor to include matching grants of up to \$250,000 for each community college campus in fiscal 2022 and 2024, as specified. This funding is supplemental and in addition to operating support provided to community colleges by the State.

Cyber Warrior Diversity Program

Chapter 567 of 2018 established the Cyber Warrior Diversity Program (CWDP) at BCCC and the four historically black colleges and universities in the State to train students in computer networking and cybersecurity, including training to achieve specified CompTIA certifications. *Senate Bill 432/House Bill 1315 (both passed)* add the UMBC Training Centers located in the State to CWDP and allow the centers to be eligible for specified grants. The bills also change the distribution of the \$2.5 million mandated for the program to include distributions to the UMBC centers.

MPowering

In 2011, the General Assembly charged the USM Board of Regents, UMCP, and UMB with developing a plan to have a greater impact on the State, its economy, the job market, and the next generation of innovators. The result, MPowering, was launched in 2012. Language in the fiscal 2014 budget restricted funds for MPowering initiatives and programs. These activities were part of an alliance between UMCP and UMB leveraging the resources of each institution to further advance transitioning research from laboratory to commercial application.

Subsequently, the University of Maryland Strategic Partnership Act of 2016 (Chapter 25), formalized the strategic partnership between the two distinct campuses, UMCP and UMB, to be called the University of Maryland and also codified the MPowering council as the University of Maryland Joint Steering Council. *Senate Bill 897 (passed)* renames the University of Maryland Joint Steering Council to be the MPowering Joint Steering Council. The Act also requires the Governor to include in the annual State budget for the council a general fund appropriation in the following amounts: \$2.0 million in fiscal 2021; \$4.0 million in fiscal 2022; \$6.0 million in fiscal 2023; \$8.0 million in fiscal 2024; and \$10.0 million in fiscal 2025 and each fiscal year thereafter. To recognize UMBC as a research institution and to complement the activities of the MPowering council, the bill also requires the Governor to provide funding for UMBC in the

amounts of \$400,000 in fiscal 2021; \$800,000 in fiscal 2022; \$1.2 million in fiscal 2023; \$1.6 million in fiscal 2024; and \$2.0 million in fiscal 2025 and each year thereafter.

Sexual Assault

Chapter 394 and 395 of 2018 required MHEC to reimburse students for reasonable costs and attorney's fees for current and former students provided with counsel in accordance with an institution's sexual assault policy; however, no funds were mandated for this purpose. *Senate Bill 396/House Bill 633 (both passed)* establish the Legal Representation Fund for Title IX Proceedings to provide funds for this purpose. Beginning in fiscal 2021, the Governor must include in the annual budget bill an appropriation of at least \$250,000 to the fund.

Procurement

Senate Bill 755/House Bill 658 (both passed) require DBM to report annually on specified information about interagency agreements with historically black colleges and universities. For a more detailed discussion of these bills, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

The Major Information Technology Development Project Fund (MITDPF) consists of money received from information technology involving resources sharing (*i.e.*, the sharing of real estate, communications infrastructure, etc.) from most State agencies. *Senate Bill 253 (passed)* exempts money received by BCCC from having to be deposited into MITDPF. As a result, money collected by BCCC through its resource-sharing agreements may be retained by BCCC. For a more detailed discussion of this issue, see the subpart "Procurement" within Part C – State Government of this *90 Day Report*.

Education – Local Bills

Allegany and Garrett Counties

Senate Bill 215/House Bill 276 (both passed) allow Allegany and Garrett counties to operate a school vehicle for 15 years, rather than 12, subject to enhanced inspection requirements. Calvert, Caroline, Cecil, Charles, Dorchester, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester counties already have this authority.

Frederick County

House Bill 1136 (passed) creates a local task force to study and evaluate the implementation and effectiveness of the Frederick County Public School System's elementary school social-emotional learning pilot program. The task force must report its findings and recommendations on actions necessary to expand the program to the Frederick County Public Schools Superintendent and Board of Education by December 31, 2019. The bill takes effect July 1, 2019, and terminates June 30, 2020.

Harford County

House Bill 460 (passed) alters the start date for an elected member of the Harford County Board of Education from July 1 after the member’s election to the first Monday in December after the member’s election.

Howard County

Pursuant to Chapter 308 of 2017, beginning in 2020, the Howard County Board of Education will be an eight-member board composed of seven elected members and one student member. *House Bill 590 (passed)* requires the five elected members of the board who reside in each of the five councilmanic districts to be elected by the voters of the respective district. The bill also requires the two elected members of the board who are elected at large to be elected by the voters of the county.



Part M

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