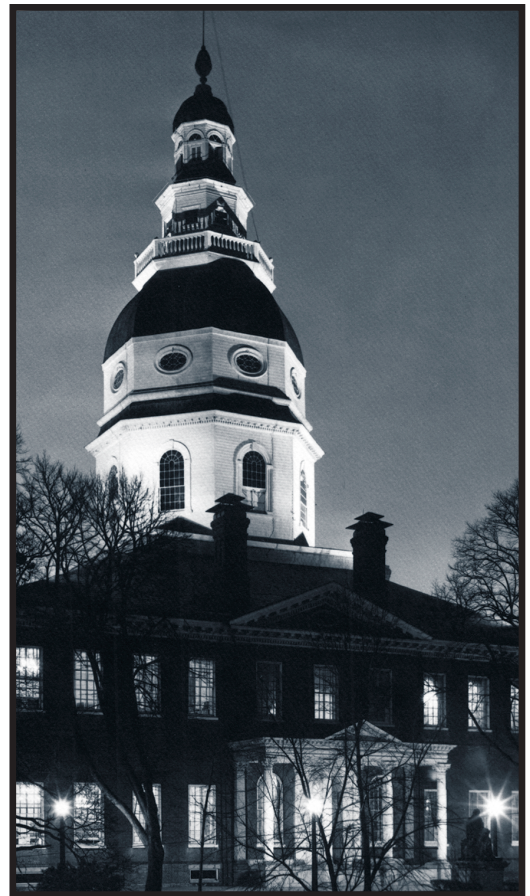


MAJOR ISSUES REVIEW



2015-2018

Department *of* Legislative Services
MARYLAND GENERAL ASSEMBLY

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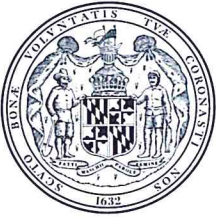
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

June 2018

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

Ladies and Gentlemen:

We are pleased to present to you the *Major Issues Review 2015-2018*.

This document summarizes legislative activity over the four-year term. It includes discussion of all major enacted legislation, significant bills that did not pass, and gubernatorial vetoes of major legislation.

Similar to *The 90 Day Report* prepared after each session, the four-year *Major Issues Review* is divided into 12 major policy parts which are listed in the contents. An alphabetical checklist of major issues considered during the 2015-2018 term is also provided, as well as an index which converts the chapter numbers for each session to their respective bill numbers.

We hope that you find the *Major Issues Review* helpful and if you have any questions about the contents of this document, please contact us.

Sincerely,

A handwritten signature in blue ink that reads "Victoria L. Gruber".

Victoria L. Gruber
Executive Director

A handwritten signature in blue ink that reads "Ryan Bishop".

Ryan Bishop
Director

VLG:RB/mpd

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Part A

Budget and State Aid

Operating Budget

Overview

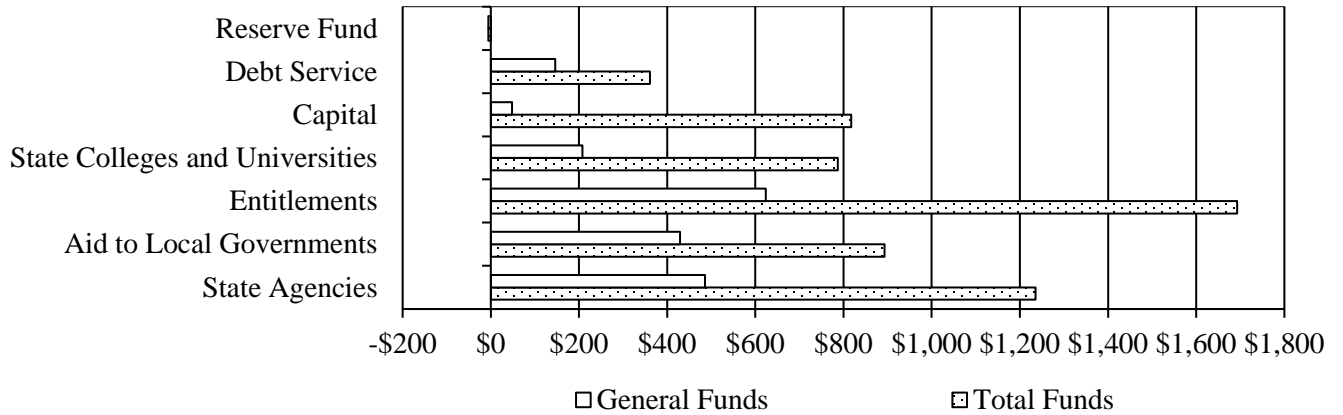
A sluggish recovery from the Great Recession due to lagging wage growth and changes in the manner consumers purchase goods and services constrained budget growth during the 2015 to 2018 term. Other legislation passed over the four-year term increased long-term spending commitments and reduced ongoing revenues. While the fiscal 2019 general fund budget is structurally balanced, ongoing spending is expected to annually outpace ongoing revenues by 2.3 percentage points resulting in a fiscal 2023 structural deficit in excess of \$1.8 billion.

Actions taken by the legislature ensured that each budget was balanced, through adoption of a combination of spending reductions and use of fund balances. In three of the sessions, budget reconciliation legislation was required, largely to modify or repeal spending mandates. Final action at each session met the recommendations of the Spending Affordability Committee (SAC) and maintained a balance of at least 5% in the State's Rainy Day Fund. The State also continued to receive a "AAA" rating on its general obligation (GO) debt issuances from all three of the credit rating agencies, demonstrating confidence in the State's management of its finances.

Budget Change (Fiscal 2015 through 2019)

The change in State spending in the operating budget by major category of expenditure is shown in **Exhibit A-1.1**. Between fiscal 2015 and 2019, total expenditures increased by nearly \$5.8 billion, or 14.9%. On average, this equates to about 3.5% annual growth. With the exception of the appropriation made to the State Reserve Fund, which varies based on revenue performance, funding increased in all areas of the budget. Funding to support entitlement programs and State agency operations made up more than half of the annual State budget. Not surprisingly, these categories also accounted for the largest areas of overall dollar change since fiscal 2015, reflecting growth of \$1.7 billion and \$1.2 billion, respectively. In terms of percentage change, however, funding for capital pay-as-you-go (PAYGO) projects (primarily special and federal funds) and debt service payments (primarily general funds) accounted for the largest changes, increasing by 35.8% and 28.3%, respectively.

Exhibit A-1.1
Budget Change by Category
Fiscal 2015-2019
(\$ in Millions)



General Funds

	Actual 2015	Leg. Approp. 2019	\$ Change	% Change
State Agencies	\$5,038	\$5,524	\$486	9.6%
Aid to Local Governments	6,346	6,775	429	6.8%
Entitlements	3,101	3,724	624	20.1%
State Colleges and Universities	1,288	1,495	208	16.1%
Capital	12	60	48	417.4%
Debt Service	140	286	146	100.0%
Reserve Fund	15	9	-6	-37.2%
	\$15,939	\$17,874	\$1,935	12.1%

Total Funds

	Actual 2015	Leg. Approp. 2019	\$ Change	% Change
State Agencies	\$10,809	\$12,045	\$1,236	11.4%
Aid to Local Governments	7,855	8,749	893	11.4%
Entitlements	11,226	12,919	1,693	15.1%
State Colleges and Universities	5,317	6,104	787	14.8%
Pay-as-you-go Capital	2,284	3,101	818	35.8%
Debt Service	1,275	1,637	361	28.3%
Reserve Fund	15	9	-6	-37.2%
	\$38,781	\$44,563	\$5,782	14.9%

General funds derive primarily from tax revenues, such as income and sales taxes, and the State Lottery. Expenditures supported by general funds increased by 12.1% during this time period, from \$15.9 billion to \$17.9 billion. Funding for entitlement programs accounts for the largest change (\$0.6 billion), as the State expanded Medicaid eligibility to adults as permitted by the Affordable Care Act (ACA). Funding for State agencies increased by \$0.5 billion to cover modest increases in personnel expenses and aid to local governments grew by \$0.4 billion for education, transportation, and public safety grants. State support to higher education accounts for \$0.2 billion of the overall increase, while all other categories of funding make up 10.3% of the overall increase in general fund spending.

Entitlement Programs: Funding for entitlement programs accounts for nearly 30% of the total budget growth since fiscal 2015 and 32% of the general fund change. While funding for property tax credits does increase modestly during the four-year period due to increased utilization and the overall value of the credits, this increase is more than offset by reductions in foster care and assistance payments generated by declining caseloads. The nearly \$1.7 billion increase that occurred during the 2015 to 2018 legislative term is solely attributable to slightly less than \$1.9 billion in growth within the Medicaid program, which provides health care for low-income individuals. This 19.7% increase, of which \$634.8 million is general funds, reflects the beginning of State support for expansion under the ACA, offsets for declining special fund revenues, provider rate increases in three of the four years, and modest increases for enrollment and utilization.

Higher Education: Funding for State colleges and universities increased by \$787 million (14.8%) between fiscal 2015 and 2019. State general fund aid accounted for approximately 26.4% of the total growth, with funding from federal grants and contracts and enrollment-driven tuition being the primary contributors to the overall increase. Similar to the previous term, additional State assistance was provided annually to limit the growth in tuition rates to 2% per year. This increased funding provided to public four-year institutions contributed to growth in the funds provided as aid to private colleges and universities and community colleges, as well.

Debt Service: Debt service, which is paid from the State share of the property tax credited to the Annuity Bond Fund (ABF) or the Transportation Trust Fund, grew by \$361 million (28.3%) during the 2015 to 2018 legislative term. General fund growth accounted for more than 40% of this overall change. This increase was driven by increased authorizations, issuances, and debt outstanding. Since fiscal 2014, property tax revenues have been insufficient to make debt service payments solely from the ABF, requiring the use of general fund support. As such, general funds dedicated to debt service more than doubled since fiscal 2015. The average annual growth of 6.4% is nearly double the annual growth for the total budget, and on a percentage basis, is only outpaced by funding provided for PAYGO capital projects. Special fund growth is also attributable to Chapter 429 of 2013, which raised certain transportation revenues and enabled the sale of Consolidated Transportation Bonds to support additional capital project spending. The fiscal 2019 legislative appropriation provides more than \$1.6 billion for debt service payments, of which \$286 million is general funds.

Reserve Funds: Appropriations to the State Reserve Fund are based on the unappropriated general fund surplus in excess of \$10 million at closeout. *Chapter 489 of 2015* amended this provision to require that only 50% of any general fund surplus be appropriated to the Reserve Fund, with the other 50% assigned to the State's unfunded pension liability. Over the 2015 to 2018 legislative term, appropriations to the fund varied widely, ranging from \$9.3 million in fiscal 2019 to \$155.4 million in fiscal 2017, as the closing general fund balance fluctuated considerably from year to year, in part due to uncertain economic conditions. During this most recent legislative term, appropriations to the Reserve Fund were often reduced through budget reconciliation legislation as a means of balancing the budget or were restricted to fund other legislative priorities.

Local Aid: Aid to local governments experienced a lesser increase over the past four years when compared with other areas of the budget, particularly with regard to general fund spending. Between fiscal 2015 and 2019, funding in this category increased by \$893 million (11.4%) overall, and \$429 million (6.8%) in general funds. Mandated funding formulas for providing aid for education and libraries were the primary driver of the overall and general fund increase. County/municipality aid increased by \$207 million (36%), largely reflective of increased funding for local transportation grants funded through Highway User Revenues and other public safety and police aid grants.

PAYGO Capital: More than \$3.1 billion in total funds was provided for PAYGO capital projects in fiscal 2019. This \$818 million increase over the 2015 to 2018 legislative term reflects the largest percentage change of any spending category over the four-year period. Although general fund spending for capital PAYGO grew by more than 50%, the \$48 million increase accounts for less than 6% of the overall change. Year-to-year, the use of general funds for PAYGO projects varied based on the availability of general fund revenues in excess of what was needed to balance the budget and fund operating expenses. Higher than anticipated revenues in fiscal 2017 and 2019 resulted in an increased use of general funds for PAYGO spending on construction projects for housing, public safety, and the University of Maryland Capital Region Medical Center. The majority of PAYGO capital spending is special and federal funds used to support transportation and environmental projects. The increase in the past four years was largely driven by additional funding provided for the Purple Line light rail project, increased debt service costs, and Program Open Space (POS).

State Agencies: Spending for State agency operations accounts for the second largest category of change by dollar, for both general and total funds; however, on a percentage basis, growth in State agency spending is near the bottom. Overall, spending on State agencies increased by \$1.2 billion (11.4%) during the 2015 to 2018 legislative term. General fund increases accounted for approximately 39% of that growth. While personnel-related expenses make up nearly 57% of the overall State agency budget change (\$700 million), increases in this area were somewhat muted by employee compensation being level funded in two of the four years of the term. Compensation enhancements to improve the hiring and retention of public safety personnel were of note throughout the four-year period.

Resolving the Budget Shortfall/Attaining Structural Balance

Entering the 2015 to 2018 term, the fiscal outlook was much improved relative to the prior four years. A structural shortfall between ongoing general fund revenues and ongoing general fund spending, which had grown to as much as \$2 billion following the Great Recession of 2008, had largely been addressed. After the 2014 session, the deficit was estimated at \$236 million for fiscal 2015, but was expected to exceed \$400 million by fiscal 2019. Further reducing the structural deficit was the General Assembly’s focus for much of the term. A significant downward revision to the revenue estimate in fall 2016 reflecting overly optimistic assumptions about wage growth and repeated write-downs of the sales tax estimate impeded attempts to reduce the structural gap. Temporary reductions to spending and additional revenues generated by the federal tax changes in fiscal 2018 and 2019 significantly improved the budget outlook for the final year of the term with a structural surplus of \$67 million now forecast for fiscal 2019. Budget shortfalls closer to the magnitude experienced during the Great Recession are projected for the next term with the structural deficit growing to more than \$1.8 billion by fiscal 2023. Anemic projections for sales tax growth, a modest forecast of wage and capital gains growth, and significant new spending commitments made during the 2015 to 2018 term contribute to the challenging long-term outlook.

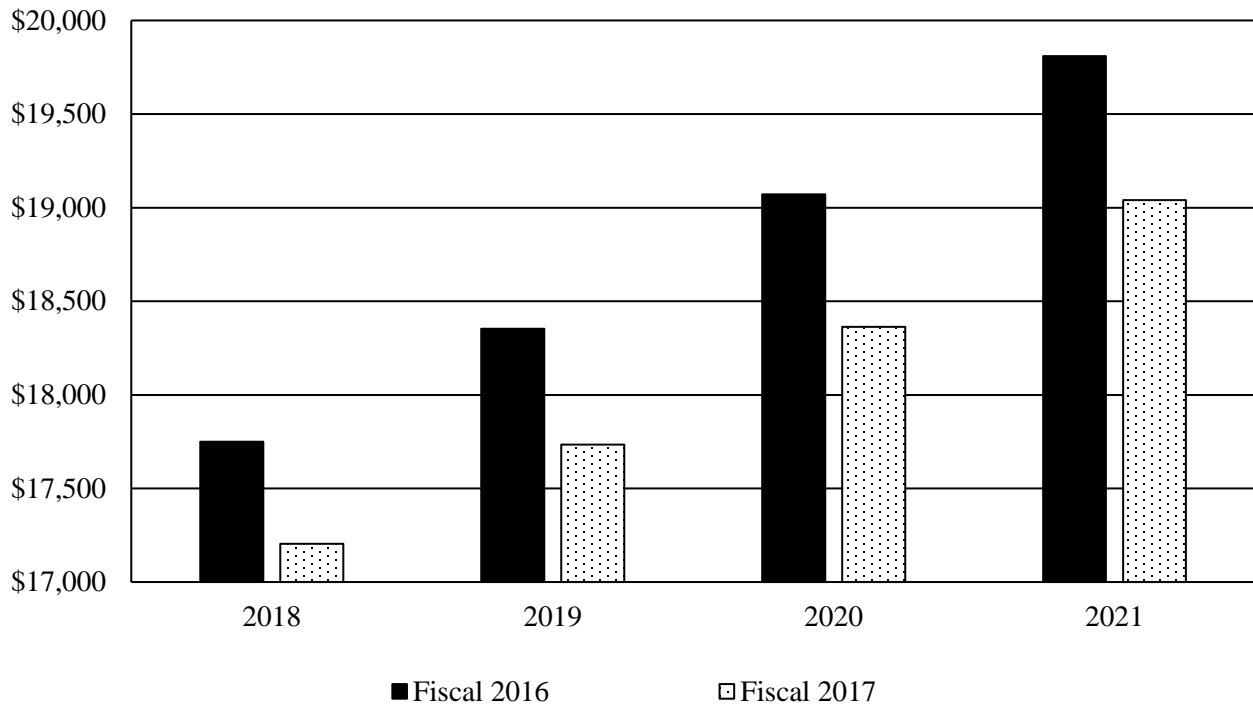
Board of Revenue Estimates Revision

Following the Great Recession, revenue did not immediately rebound as had been the case after the 2001 recession when attainment returned to pre-recession levels by fiscal 2004. It actually took until fiscal 2013 before pre-2008 revenue levels were attained. As unemployment levels fell, the Board of Revenue Estimates (BRE) expected more robust wage growth and consumer spending. Instead, wage growth remained tepid. Sales tax revenue was also fundamentally altered as more consumers made purchases online, both for digital goods and services, and as the aging population continues to make fewer major purchases. **Exhibit A-1.2** shows the change in ongoing general fund revenue projected by BRE between the 2016 and 2017 sessions. Ongoing revenues were revised downward by over \$500 million for fiscal 2018, and by nearly \$800 million by fiscal 2021.

Budget Balancing Actions

Each of the fiscal 2016 to 2019 budgets were balanced when the proposed allowance was submitted by the Governor and when final action was completed by the legislature. In large measure, the budgets were balanced on a combination of fund balance transfers and reductions, including contingent reductions to mandated funding. At each of the 2015, 2017, and 2018 sessions, the budget was balanced in conjunction with budget reconciliation legislation. A Budget Reconciliation and Financing Act (BRFA), has been a mainstay of Maryland budgets in nearly every year since the 2002 session. Such legislation is necessary to effectuate fund balance transfers from special funds to the General Fund, repeal or modify statutory mandates, enact new revenues, or withdraw current year appropriations.

Exhibit A-1.2
Board of Revenue Estimates
Comparison of Fiscal 2016 and 2017 General Fund Revenue Estimates
(\$ in Millions)



Fund Balance Transfers: As seen in **Exhibit A-1.3**, nearly \$400 million in special fund balances were transferred to the General Fund to help balance annual budgets. The largest transfers included \$170 million from the Rainy Day Fund in fiscal 2018 and \$100 million from the Local Income Tax Reserve Account in fiscal 2017. Throughout this period, the Rainy Day Fund maintained at least a 5% fund balance. The transfer from the Local Income Tax Reserve Account is to be repaid at \$10 million per year over 10 years.

Contingent Reductions: As seen in **Exhibit A-1.4**, during this term, nearly \$600 million in contingent reductions were adopted, typically authorized by a BRFA. About one-third of this funding came from appropriations to the Rainy Day Fund before they were credited to the account.

Exhibit A-1.3
Fund Transfers Adopted in Budget Reconciliation Legislation
2015-2018 Sessions
(\$ in Millions)

	<u>2015</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Rainy Day Fund		\$170.0		\$170.0
Local Income Tax Reserve Fund	\$100.0			100.0
Transfer Tax	37.7			37.7
University System of Maryland Fund Balance		30.0	\$9.0	39.0
Other	47.0	2.5		49.5
Total	\$184.7	\$202.5	\$9.0	\$396.2

Note: Budget reconciliation legislation was not introduced in the 2016 session.

Exhibit A-1.4
Contingent Reductions Adopted in Budget Reconciliation Legislation
2015-2018 Sessions
(\$ in Millions)

	<u>2015</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Rainy Day Fund		\$40.0	\$148.5	\$188.5
Pension Sweeper		50.0	50.0	100.0
Pension Corridor	\$62.7			62.7
Medicaid MHIP Fund Balance	47.0			47.0
DHCD PAYGO Programs		45.6		45.6
Medicare Part D			34.9	34.9
Medicaid Deficit Assessment		25.0	5.0	30.0
POS Repayment			15.0	15.0
Other	19.9	24.6	26.7	71.2
Total	\$129.6	\$185.2	\$280.1	\$594.9

DHCD: Department of Housing and Community Development
 MHIP: Maryland Health Insurance Plan

PAYGO: pay-as-you-go
 POS: Program Open Space

Note: Budget reconciliation legislation was not introduced in the 2016 session.

Other large contingent reductions included:

- \$100 million in supplemental pension fund payments based on available unassigned balances at the close of each fiscal year, above the annual \$75 million supplemental contribution required in statute;
- \$63 million in savings when legislation was enacted to move from funding pension contributions on a corridor basis to full actuarial funding;
- \$47 million in Medicaid cuts that were replaced with surplus fund balance from the Maryland Health Insurance Plan fund; and
- \$46 million from several Department of Housing and Community Development (DHCD) PAYGO programs that have since been funded in whole or in part with GO bonds.

Legislation enacted during the 2015 to 2018 term also affected the bottom line as legislation reduced ongoing revenues by just under \$200 million, while additional spending mandates increased budget commitments by more than \$800 million, as seen in **Exhibit A-1.5**. Initially ongoing budget savings were realized through *Chapter 489 of 2015*, which accelerated a shift from corridor pension funding to full actuarial funding and also reduced the supplemental pension contribution from \$150 million down to \$75 million annually. However, those savings end in fiscal 2020. As detailed in the Budget Outlook section of this Part A, the additional spending is predominantly due to *Chapter 357 of 2018*, which requires (subject to voter approval) all gaming revenue dedicated to public education to be provided as supplemental to statutory education formulas by fiscal 2023.

Exhibit A-1.6 shows how the long-term forecast from the 2014 session compares with the current outlook. At that time, structural shortfalls ranging from \$200 million to \$400 million were estimated through fiscal 2019. Actual structural shortfalls in fiscal 2015 through 2017 were close to what was projected. A structural surplus of \$67 million is currently forecasted at the close of fiscal 2019. However, the five-year forecast shows structural gaps that approach \$2 billion by fiscal 2023.

Exhibit A-1.5
Effects of Selected Revenue and Spending Legislation
2015-2018 Sessions
(\$ in Millions)

Revenues

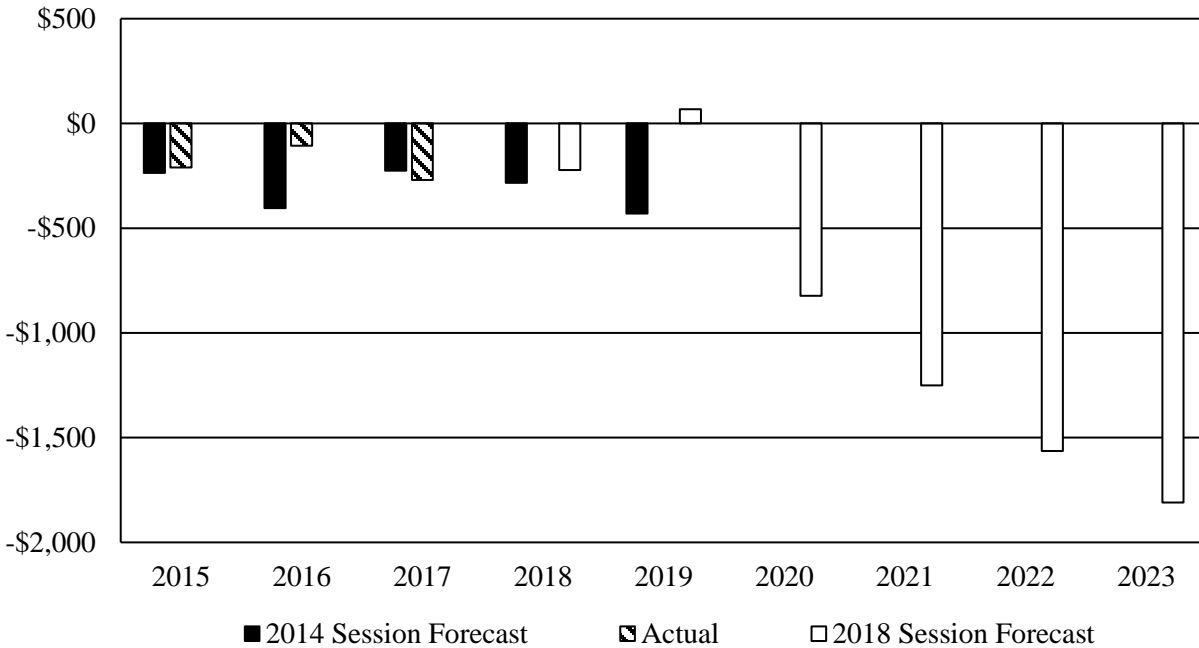
<u>Sessions</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
2015	-\$4	-\$10	-\$10	-\$10	-\$10	-\$10*	-\$10*	-\$10*
2016		-39	-99	-63	-66	-70	-70*	-70*
2017			-14	-21	-52	-27	-22	-22*
2018				-100	-54	-51	-60	-67
Total	-\$4	-\$49	-\$123	-\$194	-\$182	-\$158	-\$162	-\$169

Spending

<u>Sessions</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
2015	-\$63	-\$88	-\$132	-\$177	-\$152	\$23*	\$23*	\$23*
2016			69	84	81	87	87*	87*
2017				67	96	72	76	76*
2018					229	359	488	633
Total	-\$63	-\$88	-\$63	-\$26	\$254	\$541	\$674	\$819

* Estimates beyond the last year of the fiscal note are equal to the last year of the fiscal note unless the legislation sunsets or clearly specifies a different figure.

Exhibit A-1.6
Actual and Projected General Fund Structural Trends
Fiscal 2015-2023
(\$ in Millions)



Budget Outlook

As shown in **Exhibit A-1.7**, the fiscal 2019 budget is estimated to end with a fund balance of \$107 million. Ongoing revenues exceed ongoing spending by \$67 million. The structural deficit returns in fiscal 2020 at a projected level of \$823 million and grows each year of the forecast, reaching \$1.8 billion by fiscal 2023. Between fiscal 2019 and 2023, ongoing revenues are projected to grow at an average annual rate of 3.3%, while ongoing spending is projected to grow at an average annual rate of 5.6%.

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

	2019	2020	2021	2022	2023	2019-23
	Leg.	Est.	Est.	Est.	Est.	Avg.
	Approp.					Annual
						Change
Revenues						
Opening Fund Balance	\$192	\$107	\$0	\$0	\$0	
Transfers	0	38	44	39	37	
One-time Revenues	-57					
Subtotal One-time Revenue	\$134	\$145	\$44	\$39	\$37	
Subtotal Ongoing Revenue	\$17,846	\$18,301	\$18,898	\$19,573	\$20,319	3.3%
Total Revenues and Fund Balance	\$17,981	\$18,445	\$18,942	\$19,612	\$20,356	3.2%
Spending						
Ongoing Spending	\$17,779	\$19,123	\$20,148	\$21,136	\$22,128	5.6%
One-time Spending	\$95	\$242	\$226	\$176	\$155	
Total Spending	\$17,874	\$19,366	\$20,374	\$21,312	\$22,283	5.7%
Ending Balance	\$107	-\$920	-\$1,431	-\$1,700	-\$1,927	
Rainy Day Fund Balance	\$883	\$918	\$947	\$982	\$1,020	
Balance Over 5% of GF Revenues	1	0	0	0	0	
As % of GF Revenues	5.01%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	\$67	-\$823	-\$1,250	-\$1,563	-\$1,810	

GF: general fund

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

Source: Department of Legislative Services

The forecast reflects legislation passed during the term that collectively increases general fund spending by about \$819 million by fiscal 2023 and reduces revenues by \$169 million in the same year. Legislation with a significant impact on revenues enacted during the term includes:

- **Chapters 576 and 577 of 2018** altered the value of the standard deduction in tax year 2018 by increasing its maximum value to \$2,250 for all single taxpayers and \$4,500 for all taxpayers filing jointly. Beginning in tax year 2019, the value of the standard deduction was indexed based on the annual change in the cost of living. Altering the standard deduction will decrease State revenues by \$56.6 million in fiscal 2019, \$44.2 million in fiscal 2020, \$49.7 million in fiscal 2021, \$55.4 million in fiscal 2022, and \$61.5 million in fiscal 2023.
- **Chapters 15 and 21 of 2018** specified that the value of the federal unified credit used to calculate the Maryland estate tax is equal to the amount corresponding to an applicable exclusion amount of \$5 million. The Acts also established “portability” under the State estate tax by allowing, under specified circumstances, the estate of a married taxpayer to pass along the unused part of the estate tax exclusion amount to the surviving spouse. A surviving spouse may subsequently elect to claim the unused portion of the estate tax exclusion amount of the predeceased spouse. General fund revenues are projected to grow by \$38.6 million in fiscal 2020, increasing to \$53.4 million in fiscal 2021, \$55.5 million in fiscal 2022, and \$58.2 million in fiscal 2023.
- **Chapter 361 of 2018** and **Chapter 10 of 2018** created the Commission on Innovation and Excellence in Education Fund and required that the Comptroller distribute \$200 million in income tax revenue to the fund in fiscal 2019 for use in a future fiscal year. General fund revenues decrease by \$200 million in fiscal 2019.
- **Chapters 323 and 324 of 2016** established the Maryland Small Business Retirement Savings Program and Trust, which requires specified private-sector employers to make the program available to their employees. Employers who participate in the program or otherwise offer a retirement savings arrangement to their employees as specified in the Acts are exempt from the State’s annual filing fee for corporations and business entities. General funds were projected to decrease by about \$40 million per year from fiscal 2018 through 2021. However, implementation has been delayed until fiscal 2020 at the earliest.
- **Chapter 595 of 2018** altered the film production activity tax credit by (1) eliminating the program’s reserve fund; (2) specifying that the Secretary of Commerce may award specified maximum amounts of tax credits in each fiscal year; and (3) requiring the Secretary of Commerce to reserve 10% of all tax credits in each fiscal year for qualified small or independent film entities. General fund revenues decrease by \$8 million in fiscal 2019, \$11 million in fiscal 2020, \$14 million in fiscal 2021, \$17 million in fiscal 2022, and \$20 million in fiscal 2023.

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

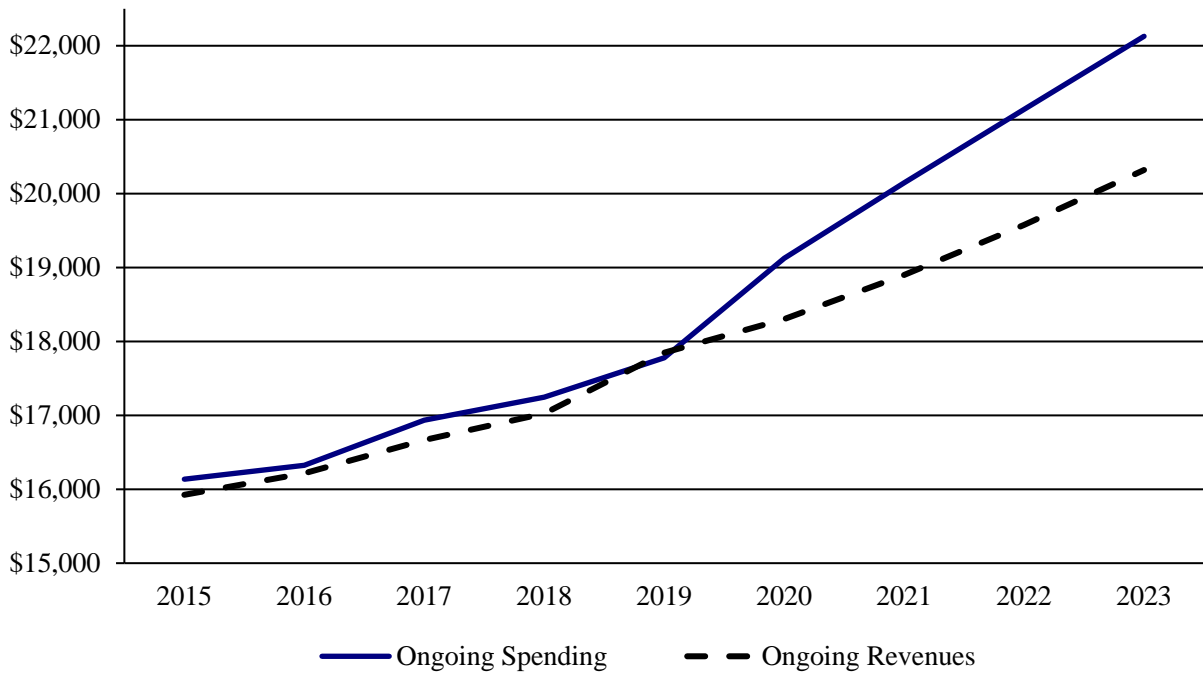
- **Chapter 357 of 2018** proposed an amendment to the Maryland Constitution that will, if approved by the voters at the 2018 general election, require the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125 million in fiscal 2020, \$250 million in fiscal 2021, and \$375 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. In fiscal 2023, this is estimated at \$522 million.
- **Chapters 639 and 640 of 2018** established the Continuing the Creating Opportunities for Renewal and Enterprise Partnership Fund within DHCD to assist the department, in conjunction with the Maryland Stadium Authority and Baltimore City, in expeditiously removing blighted property within Baltimore City. The bills mandate funding of \$30 million in fiscal 2020 and \$25 million annually from fiscal 2021 through 2024.
- **Chapter 361 of 2018** extended the deadline for the Commission on Innovation and Excellence in Education (Kirwan Commission) to complete its work by one year. It also established or altered several programs and mandates funding beginning in fiscal 2019, including (1) a comprehensive teacher recruitment and outreach program; (2) the Maryland Early Literacy Initiative; (3) the Learning in Extended Academic Programs grant program; (4) the Public School Opportunities Enhancement Program; (5) the Teaching Fellows for Maryland scholarship program; and (6) the Career and Technology Education Innovation grant program. Beginning in fiscal 2020, the Governor must annually appropriate to the Prekindergarten Expansion Fund an amount that is at least equal to all revenues received by the fund in the previous year. General fund spending is projected to increase by \$29.3 million in fiscal 2020, \$29.1 million in fiscal 2021, \$36.6 million in fiscal 2022, and by \$34.1 million in fiscal 2023. The General Assembly earmarked \$6.9 million in the fiscal 2019 budget to begin funding of the programs established by the bill.
- **Chapter 554 of 2018** established several initiatives intended to reduce the costs of attending community college and increase postsecondary completion rates in the State, including (1) beginning in the 2019-2020 academic year, a Maryland Community College Promise Scholarships Program for eligible applicants; (2) programs for students nearing the completion of a degree; and (3) specified tuition caps for community colleges in academic years 2019-2020 and 2020-2021. General fund spending is projected to increase by approximately \$15.6 million per year for fiscal 2020 through 2023.

- **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. The Governor must appropriate \$30 million for the fund in fiscal 2020 and 2021, which must be in addition to funds that would otherwise be appropriated for public schools.
- **Chapter 477 of 2015** changed the Geographic Cost of Education Index (GCEI) formula from discretionary to mandatory beginning in fiscal 2016. GCEI expenditures total \$68.1 million in fiscal 2016 as 50% of the funding was discretionary and was not released and increase to \$152.6 million by fiscal 2020 at 100% funding.
- **Chapter 10 of 2016** took actions to repay prior general fund diversions from the special fund into which transfer tax revenues are deposited, require the allocation of the repayment amount to POS and related programs, and increase the amount of the State's share of POS funding that must be allocated for direct grants to Baltimore City for park purposes. General fund spending was projected to increase by \$5 million in fiscal 2018, escalating to \$72.4 million in fiscal 2021.
- **Chapter 25 of 2016** created a strategic partnership between the University of Maryland, College Park and the University of Maryland, Baltimore to be called the University of Maryland; made various changes and required various planning activities to take place; required the University System of Maryland headquarters to move to Baltimore City; and mandated the appropriation of funds for various purposes beginning in fiscal 2018. Spending was projected to increase from \$11.2 million in fiscal 2018 to \$32.3 million in fiscal 2021.
- **Chapter 29 of 2016** codified the existing Baltimore Regional Neighborhood Initiative (BRNI) Program within DHCD. The Act also established a BRNI Program Fund and required the Governor, for fiscal 2018 through 2022, to include in the annual budget bill an appropriation of \$12 million to the fund. For fiscal 2018 only, the Governor had to include in the budget bill an appropriation of \$250,000 for the Baltimore Metropolitan Council. Subsequent BRFAs authorized the use of bonds to meet the mandate and reduced the funding amount for fiscal 2019 only.
- **Chapters 571 and 572 of 2017** took a variety of actions to respond to the opioid crisis. General fund expenditures were projected to grow by \$11.4 million in fiscal 2019, \$23.6 million in fiscal 2020, \$29.8 million in fiscal 2021, and \$30.4 million in fiscal 2022 due to mandated increases in payment rates for community behavioral health providers.
- **Chapter 149 of 2017** established Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college; required specified vocational goals to be established for high school students; and required

State agencies to analyze and report specified information on registered apprenticeship programs. The Act also established budgeted tax credits against the State income tax and sales tax for manufacturers. General fund expenditures were projected to increase by \$11.1 million in fiscal 2019 and by \$21.1 million annually thereafter.

Exhibit A-1.8 graphically illustrates the growth of the out-year structural deficit between fiscal 2015 and 2023.

Exhibit A-1.8
The General Fund Structural Deficit
Fiscal 2015-2023
(\$ in Millions)



Legislative Priorities

Constitutionally, the legislature is prohibited from adding to the budget or transferring appropriations between agencies to address its policy prerogatives. One mechanism for expressing legislative priorities is restricting appropriations in the budget to only be expended for a new purpose (a.k.a. “fencing off” funds), with the provision that the funds revert to the General Fund or cancel should the Governor choose not to spend the restricted funds as directed.

Restricted Appropriations

While the legislature has traditionally expressed its policy priorities by restricting funds or enacting funding mandates, there was an upswing in appropriations being restricted to legislative priorities in the budget during the 2015 to 2018 term. **Exhibit A-1.9** highlights the amount of general and special fund appropriations that were fenced-off in the fiscal 2016 to 2019 budgets, as well as to what extent the Governor reallocated that spending for the new purpose.

Exhibit A-1.9
Appropriations Restricted for Legislative Priorities
2015-2018 Sessions
(\$ in Millions)

<u>Sessions</u>	<u>GF Restricted</u>	<u>GF Released</u>	<u>SF Restricted</u>	<u>SF Released</u>
2015	\$221.5	\$135.6	\$0.0	n/a
2016	136.9	48.4	27.3	\$0.0
2017	6.2	2.7	1.0	1.0
2018	67.9	20.2	6.0	n/a
Total	\$432.5	\$206.9	\$34.3	\$1.0

GF: general funds

SF: special funds

At the 2015 session, \$222 million in general fund appropriations were restricted. Larger items included:

- \$68.7 million to restore employee salaries. In the fiscal 2016 allowance the Governor proposed to reduce employee salaries by 2%, negating the general salary increase that was effective on January 1, 2015. The Governor chose to release funds for this purpose;
- \$68.1 million for the GCEI, a discretionary formula that was funded at 50% in the fiscal 2016 allowance. The Governor did not release these funds;
- \$16.6 million for raising Medicaid rates for physicians and psychiatrists evaluation and management rates to 92% of Medicare. The Governor released these funds; and
- \$15 million for DHCD PAYGO programs in lieu of issuing taxable debt. The Governor released these funds.

At the 2016 session, \$137 million in general fund appropriations were restricted for legislative priorities. Nearly \$80 million of this amount pertained to appropriations in the Rainy Day Fund that required the Governor to either release all funds for the items enumerated in that provision or to revert it all to the General Fund. Some of the restricted appropriations included:

- \$19 million to help defray the local government share of teacher retirement costs;
- \$15 million for statewide facility renewal; and
- \$14.1 million for Medicaid physician and psychiatrist evaluation and management rates.

The Governor did not release any of the \$80 million in restricted funds. Another \$11 million in general funds restricted in various agency budgets was also largely reverted. In the Board of Public Works (BPW) budget \$46 million that was restricted to pay for capital projects and programs that were not eligible for tax-exempt financing was released. Finally, \$27.3 million in restricted special funds were cancelled, with the largest amount being \$22 million for improvements to the Greenbelt Metro station if Maryland had been selected as the site for a new Federal Bureau of Investigation headquarters.

At the 2017 and 2018 sessions the legislature restricted \$6.2 million and \$67.9 million in general funds, respectively, but the disposition of funds will not fully be known until the fiscal 2018 and 2019 budgets are completed. At the time of publication the Governor had announced the release of \$20 million for provider reimbursements and provider rate increases in fiscal 2019.

Board of Public Works Transparency

With respect to budget reductions through BPW, legislation was enacted to require additional transparency prior to the adoption of any actions under Section 7-213 of the State Finance and Procurement Article. Under current law, the Governor may reduce any appropriation up to 25%, except for K-12 education, debt service, the Maryland School for the Blind, and the salary of a public officer. *Chapters 14 and 15 of 2016* require notification of proposed reductions to the Legislative Policy Committee and the budget committees, as well as publication on the websites of the Department of Budget and Management and BPW at least three business days prior to BPW approval of any reductions.

Personnel

As seen in **Exhibit A-1.10**, the number of regular positions decreased by a net 188 positions, or -0.2%, of the workforce from fiscal 2015 to 2019. If higher education is excluded, the number of positions in the Executive Branch fell by almost 1,300 positions from 50,599 in fiscal 2015 to 49,336 in fiscal 2019; a drop of 2.5%. Nearly 1,100 positions were lost from the largest six agencies, with the bulk from the Department of Public Safety and Correctional

Services (DPSCS) and the Department of Human Services (DHS) based on caseload declines. DPSCS closed the Men's Detention Center in Baltimore City and portions of the Maryland Correctional Institution – Hagerstown as the inmate population continued to fall. Over 100 positions were also abolished from the Division of Parole and Probation due to declining criminal supervision and Drinking Driver Monitor Program caseloads. Because of reduced caseloads, DHS position reductions were implemented without impacting worker-to-case ratios. Some of the position abolition savings was reallocated to child welfare caseworker salaries. Other notable changes include a decrease of 159 positions in the Department of Labor, Licensing, and Regulation based on a decline in the Unemployment Insurance caseload, and a reallocation of 136 positions from agency budgets to the Department of Information Technology budget as part of an effort to consolidate information technology support services. Growth was also observed in the Judicial Branch as more than 100 contractual full-time equivalents were converted to regular positions, and over 50 new judge and support personnel were added to address District and circuit court workloads.

A more troublesome trend in State personnel has involved high rates of position vacancies, particularly for correctional officers, information technology-related personnel, physicians, nurses, and selected other position classifications. As detailed in a January 2018 *Study on Executive Branch Staffing* by the Department of Legislative Services, State compensation is not competitive for certain classes of positions, some agencies do not have sufficient funding levels available in their budgets to fill positions, and the State has maintained a hiring freeze since the early 2000s.

Unlike the previous four-year term, State employees saw limited growth in compensation during the 2015 to 2018 legislative term, as illustrated in **Exhibit A-1.11**. In the first budget proposed by Governor Lawrence J. Hogan, Jr. at the 2015 session, the Administration proposed cutting employee salaries by 2% as of July 1, 2015. That would have effectively eliminated the 2% increase that employees received on January 1, 2015. The legislature restricted funds in the fiscal 2015 budget to restore employee salaries, and the Governor chose to release those funds. In fiscal 2017, most employees received an increment, though negotiations with the State law enforcement union resulted in an additional 2% general salary increase, increments, and retroactive payment of increments missed during cost containment for those members. While no salary increase or increments were provided to most State employees in fiscal 2018, law enforcement personnel again received increments and payment of certain retroactive increments. Finally, for fiscal 2019, the Administration negotiated a 2% general salary increase for all employees effective January 1, 2019. If actual fiscal 2018 revenues exceed the December 2017 BRE estimate by \$75 million, then employees would receive another 0.5% increment and a \$500 bonus on April 1, 2019. Law enforcement personnel will also receive additional retroactive step increases.

Exhibit A-1.10
Change in Regular Full-time Equivalent Positions
Fiscal 2015-2019

<u>Department/Service Area</u>	<u>Actual 2015</u>	<u>Leg Appr. 2019</u>	<u># Change 2015-2019</u>	<u>% Change 2015-2019</u>
Largest Six State Agencies				
Public Safety and Correctional Services	11,068	10,454	-614	-5.5%
Transportation	9,086	9,058	-28	-0.3%
Human Services	6,465	6,120	-345	-5.3%
Health	6,330	6,278	-52	-0.8%
State Police	2,438	2,449	11	0.5%
Juvenile Services	2,055	1,987	-68	-3.3%
Subtotal	37,441	36,345	-1,096	-2.9%
Other Executive				
Legal (Excluding Judiciary)	1,488	1,476	-12	-0.8%
Executive and Administrative Control	1,633	1,573	-59	-3.6%
Financial and Revenue Administration	2,103	2,097	-6	-0.3%
Budget and Management and DoIT	446	567	120	27.0%
Retirement	205	210	5	2.4%
General Services	578	581	4	0.6%
Natural Resources	1,294	1,340	47	3.6%
Agriculture	381	352	-29	-7.6%
Labor, Licensing, and Regulation	1,604	1,446	-159	-9.9%
MSDE and Other Education	1,938	1,930	-8	-0.4%
Housing and Community Development	337	333	-4	-1.2%
Commerce	217	192	-25	-11.5%
Environment	936	893	-43	-4.6%
Subtotal	13,158	12,990	-168	-1.3%
Executive Branch Subtotal	50,599	49,336	-1,264	-2.5%
Higher Education	25,516	26,294	778	3.0%
Judiciary	3,733	4,029	296	7.9%
Legislature	749	751	2	0.3%
Grand Total	80,597	80,409	-188	-0.2%

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

Totals may not sum due to rounding.

Exhibit A-1.11
Employee Compensation Increases
2015-2018 Sessions

	Employees		Law Enforcement	
	General Salary <u>Increase</u>	<u>Increments</u>	General Salary <u>Increase</u>	<u>Increments</u>
2015 Session (Fiscal 2016)	None ⁽¹⁾	None	None	None
2016 Session (Fiscal 2017)	None	Yes	2%	Yes ⁽²⁾
2017 Session (Fiscal 2018)	None	None	None	Yes ⁽²⁾
2018 Session (Fiscal 2019)	2% ⁽³⁾	None	2% ⁽³⁾	Yes ⁽²⁾

⁽¹⁾ The Governor proposed a 2% reduction to employee salaries as part of the fiscal 2016 allowance. The legislature restricted funds to restore salaries and the Governor chose to release those funds.

⁽²⁾ Negotiations with the State Law Enforcement Officers' Labor Alliance resulted in the agreement to provide employee increments plus to pay retroactive increments to fiscal 2010 when they were not funded due to cost containment actions.

⁽³⁾ All employees receive a 2% general salary increase on January 1, 2019, and may receive another 0.5% increase and a \$500 bonus on April 1, 2019, if actual fiscal 2018 revenues exceed the December 2017 Board of Revenue Estimates estimate by \$75 million.

2015 Session (Fiscal 2016)

In the months leading up to the election of Governor Hogan and the January submission of his first budget plan, outgoing Governor Martin J. O'Malley implemented two rounds of budget cuts through BPW to address underperforming revenues. A total of \$273.7 million in general fund spending was withdrawn to offset more than \$300 million in revenue write-downs by BRE, primarily due to overestimation of personal income tax revenues. This background served as the impetus for SAC to recommend eliminating the estimated \$650 million structural deficit over a two-year period, with no less than 50% of the deficit resolved during the 2015 session.

The spending plan proposed by the Governor at the start of the 2015 session sought to address the structural deficit in its entirety in fiscal 2016, primarily through the use of across-the-board cuts and contingent reductions implemented through budget reconciliation legislation. Specifically, the Administration's plan proposed \$275.4 million in across-the-board reductions for fiscal 2015 and 2016, which included the elimination of 500 positions through a Voluntary Separation Program, an unspecified 2% reduction to agency budgets, and elimination of employee merit and general salary increases. *Chapter 489 of 2015*, the BRFA, proposed to

implement \$257.7 million in contingent reductions, the largest of which would level fund several education aid formulas and significantly reduce Medicaid provider reimbursements. In addition, the Administration's plan reduced funding for the discretionary GCEI by 50% and relied on nearly \$220 million in proposed transfers to the General Fund.

In considering the Governor's proposed budget, the legislature expressed concern that the magnitude of reductions required to address the \$650 million structural deficit in one year would have a negative impact on K-12 education, health service providers, and State employees. In response to these concerns, the legislature identified several areas of priority, and where possible, restored funding. In addition, \$201.7 million in budgetary savings was restricted in the fiscal 2016 budget to address priorities where the funding could not be directly restored. The most significant items included restoration of a proposed 2% reduction to State employee salaries, full funding for the GCEI, reimbursement rate increases for health service providers, and a grant for the Prince George's County Hospital.

Final action left a fiscal 2016 budget of \$40.5 billion, an increase of \$590.2 million, or 1.5%, over fiscal 2015. Spending cuts resolved approximately 68%, or \$444 million, of the projected structural deficit, thus exceeding the SAC recommendation for the 2015 session. The estimated fund balance of \$27.7 million at the close of fiscal 2016 was in addition to the 5% balance maintained in the Rainy Day Fund, which equated to \$814.1 million.

2016 Session (Fiscal 2017)

The fiscal outlook for the State going into the 2016 session was significantly brighter than originally projected, as general fund revenues, at the close of fiscal 2015, exceeded estimates by more than \$214 million. The additional close-out revenue generated from higher personal income taxes and some large estate tax payments, combined with nearly \$54 million in year-end agency reversions and \$112 million in revenue write-ups by BRE based on improved economic assumptions, resulted in a complete turnaround in the structural outlook for the State. For the first time since fiscal 2006, structural surpluses were projected for both fiscal 2016 and 2017. As a result of this shift, SAC opted to incorporate the traditional recommendation of limiting growth in State spending into its annual recommendations. After five consecutive years of recommendations aimed at reducing the structural deficit, the committee recommended that the fiscal 2017 budget should maintain structural balance and that growth in spending should be no greater than 4.85% of the appropriations approved at the 2015 session. In addition, the committee recommended a general fund closing balance of at least \$100 million.

The Governor's budget plan proposed \$42.3 billion in total spending for fiscal 2017, an increase of \$2 billion (4.9%) over the revised fiscal 2016 spending plan. With regard to the recommendations made by SAC, the budget, as introduced, was \$100.3 million below the 4.85% spending limit and projected a \$449.5 million general fund balance and \$180 million structural surplus. The Administration's plan also accounted for a net revenue reduction of nearly \$24 million based on proposed legislation to redistribute transfer tax revenues, accelerate the earned income tax credit, and provide relief from a variety of State imposed fees. In balancing the

fiscal 2016 and 2017 budgets, the Governor relied heavily on assumed reversions, including \$303.7 million in specific reversions for fiscal 2016 based primarily on favorable Medicaid trends and the failure of the Administration to release \$85.9 million in withheld appropriations restricted by the General Assembly during the 2015 session to fund legislative priorities. The budget proposal also included the elimination of 657 regular positions in fiscal 2017, with associated savings of \$20 million in general funds and \$5 million in special funds.

Legislative consideration of the budget included accounting for a net revenue write-down of \$51.4 million across fiscal 2016 and 2017 due largely to lagging performance by the sales tax, and nearly \$50 million in additional spending proposed by the Administration via supplemental budgets. Despite the Administration's decision to not release over 40% of the funding withheld for specific purposes identified by the legislature in the fiscal 2016 budget, the identification of legislative priorities was again a key theme of budget deliberations during the 2016 session. The General Assembly acted to restrict \$164.2 million in general and special funds to be used to fund fiscal 2017 legislative priorities, including \$42.9 million for PAYGO capital projects and \$37.1 million for various grants and programs. Another \$46.2 million in general funds was restricted to pay for programs that were not eligible for tax-exempt financing. In addition to restricting funds for specific purposes, the legislature also enacted \$68.1 million in reductions, the majority of which was within the Maryland Department of Transportation.

Final action on the budget exceeded all SAC goals for fiscal 2017, by leaving a \$364.4 million balance in the General Fund, a Rainy Day Fund balance of \$1 billion (5.9% of general fund revenues), and a \$100 million structural surplus. The \$42.2 billion total legislative appropriation reflected budget growth on a spending affordability basis of 4.55% over the 2015 session.

2017 Session (Fiscal 2018)

The improved fiscal outlook from the 2016 session proved to be short lived, as slow wage growth and general economic uncertainty resulted in actual revenue attainment for fiscal 2016 falling short of estimates by \$250 million. The weakened economic outlook caused BRE to revise revenue estimates downward by nearly \$379 million for fiscal 2017 and resulted in a \$209 million cash shortfall in fiscal 2017 and a \$377 million structural deficit in fiscal 2018. In recognition of the situation, Governor Hogan withdrew \$83.3 million in general and special funds through BPW. With the return of a structural deficit, SAC again reverted to the methodology for addressing the structural imbalance in the General Fund, in lieu of a recommended growth limit. The committee advised that the fiscal 2018 budget should reduce the structural deficit by at least 50%, leaving a structural gap of no more than \$189 million, and that the General Fund should maintain a closing balance of at least \$100 million.

The budget as introduced by the Governor proposed to resolve the cash shortfall for fiscal 2017, providing for a \$68.5 million fund balance, primarily through the transfer of \$170 million from the Rainy Day Fund and \$155.8 million in assumed reversions, which included the \$87.9 million in fiscal 2017 funds restricted for legislative priorities but not released by the

Administration. The Administration's \$43.8 billion spending plan for fiscal 2018 proposed a closing fund balance of \$144.2 million in general funds and resolution of the entire \$377 million structural deficit. This was to be accomplished through \$247.8 million in proposed contingent reductions, the largest of which eliminated the pension sweeper requirement for one year and reduced the statutorily required appropriation to the Rainy Day Fund. Many of the proposed contingent reductions targeted funding mandates created by the legislature during the 2016 session. The allowance also assumed an additional \$34.8 million in other revenues, fund transfers, and reversions.

Final legislative action on the budget reduced funding by a net \$281.9 million, including \$162.5 million in contingent reductions. Two supplemental budgets provided funding for special budgetary initiatives and enhancements to combat opioid addiction and provide grants to local education agencies with declining enrollments. The \$43.6 billion in total funding provided for in fiscal 2018 reflected budget growth of 1.2% over fiscal 2017. Nearly all of the SAC recommendations were met, with final budget actions resolving 88% (\$331 million) of the structural deficit and providing a closing fund balance of \$91.2 million in the General Fund and \$860.3 million (5%) in the Rainy Day Fund.

Other significant legislation included *Chapter 4 of 2017*, which directed above average nonwithholding income tax revenue to either be retained in the Rainy Day Fund or the Fiscal Responsibility Fund. This legislation responded to concerns and recommendations from SAC regarding Maryland's revenue structure and the impact from the volatile and unpredictable nature of these revenues on the State's economic forecasts. The committee had recommended consideration of legislation that would place a cap, or collar, on the amount of nonwithholding income tax revenues assumed in the budget process in order to mitigate the impact of the volatility.

2018 Session (Fiscal 2019)

A mixed economy during calendar 2017 meant that resolution of the structural deficit was still an issue heading into the 2018 session. Underattainment of sales tax revenues due to changing demographics and the continued rise of Internet commerce, contributed to minor revenue write-downs for fiscal 2018 by BRE and triggered the withdrawal of \$63 million in general and special fund spending through BPW in September 2017. When SAC made its recommendations for the 2018 session in December 2017, the potential impact of the federal Tax Cuts and Jobs Act of 2017 was not known. As such, the committee recommended that the entire \$298 million structural deficit be resolved in fiscal 2019 and that the General Fund be left with a \$100 million minimum ending balance. In addition, the committee recommended that the fiscal committees give consideration to the impact of federal tax and spending changes when taking action on the budget.

The Governor's budget plan, as introduced, did not make any assumptions for additional revenue from the federal tax cuts. The Administration's fiscal 2019 spending plan relied, in part, on the fiscal 2018 fund balance, which was approximately \$116 million higher than the estimate provided at the end of the 2017 session, and \$405.6 million in contingent general fund reductions.

The larger contingent actions included transferring \$193 million from the funds credited to the Rainy Day Fund, eliminating the pension sweeper payment for one year, deferring a portion of the capital grant to the Capital Region Medical Center, and increasing the local cost share for the State Department of Assessments and Taxation to 90%. In addition, the Governor's proposed budget assumed a net loss of \$14.2 million in revenues, as the Administration sought to provide income tax relief for select groups of individuals through separate legislation. With a proposed closing general fund balance of \$100.6 million for fiscal 2019, the allowance met nearly all of the SAC recommendations; however, the Governor's plan did not meet the goal of eliminating the structural deficit in fiscal 2019. The Administration's proposal still left a \$75 million structural gap unaddressed.

Legislative action on the budget was largely dominated by the impact of the federal Tax Cuts and Jobs Act, which BRE determined to be a net increase of \$547.1 million over fiscal 2018 and 2019. The additional revenue was partially offset by a \$152.9 million write-down of underlying revenues, across fiscal 2018 and 2019. The legislature responded to the net increase in revenue by enacting legislation to credit \$200 million in additional income tax revenue to a special fund to be used for future education costs in anticipation of the recommendations of the Kirwan Commission. Consistent with the recommendations of SAC, the General Assembly also passed legislation to provide limited tax relief, including the expansion of the earned income tax credit and an increased income tax standard deduction. Three supplemental budgets provided \$46.1 million in funding primarily for school safety, capital transportation grants, and proposed oversight of local education agencies.

Final action on the budget provides \$44.6 billion in fiscal 2019, an increase of 2.3% over fiscal 2018. The legislature adopted \$317.6 million in reductions, including \$274 million contingent on *Chapter 10 of 2018*, the BRFA. Nearly \$74 million in funding from the Rainy Day Fund was restricted to fund legislative priorities, including provider rate increases, school safety grants, violence prevention programs, and K-12 education enhancements to bridge the implementation of the Kirwan Commission recommendations. The legislature met all SAC recommendations by leaving an estimated \$107 million in the General Fund, along with 5% of general fund revenues in the Rainy Day Fund. The General Assembly's action eliminated the structural deficit in fiscal 2019, providing a structural surplus of \$67 million.

Exhibit A-1.12 sets forth State expenditures during the 2015 to 2018 legislative term of the General Assembly as follows: general funds, special and higher education funds, federal funds, all State funds, and all funds.

Exhibit A-1.12
State Expenditures – General Funds
Fiscal 2015-2019
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>2015</u>	<u>Actual</u> <u>2016</u>	<u>Actual</u> <u>2017</u>	<u>Working</u> <u>Appr.</u> <u>2018</u>	<u>Legislative</u> <u>Appr.</u> <u>2019</u>	<u>\$ Change</u> <u>2015 to 2019</u>	<u>% Change</u>
Debt Service	\$140.0	\$252.4	\$259.4	\$259.6	\$286.0	\$146.0	104.3%
County/Municipal	\$247.0	\$252.1	\$260.8	\$274.7	\$279.7	\$32.7	13.2%
Community Colleges	290.3	301.8	313.5	317.7	322.4	32.1	11.1%
Education/Libraries	5,767.3	5,833.5	5,925.2	5,978.4	6,122.0	354.7	6.2%
Health	41.7	45.8	49.5	51.1	51.4	9.6	23.1%
Aid to Local Governments	\$6,346.3	\$6,433.2	\$6,548.9	\$6,621.8	\$6,775.4	\$429.1	6.8%
Foster Care Payments	\$186.1	\$183.7	\$190.5	\$184.5	\$188.1	\$2.1	1.1%
Assistance Payments	73.1	56.7	64.5	59.6	45.4	-27.7	-37.9%
Medical Assistance	2,765.3	2,631.9	2,989.1	3,198.1	3,400.1	634.8	23.0%
Property Tax Credits	76.0	78.1	78.0	89.6	90.6	14.6	19.2%
Entitlements	\$3,100.5	\$2,950.4	\$3,322.1	\$3,531.7	\$3,724.2	\$623.7	20.1%
Health	\$1,292.0	\$1,310.7	\$1,352.0	\$1,426.5	\$1,481.9	\$189.8	14.7%
Human Services	361.2	371.9	393.9	369.4	374.4	13.2	3.6%
Children's Cabinet							
Interagency Fund	20.6	22.5	16.6	18.5	18.5	-2.1	-10.2%
Juvenile Services	274.8	269.8	270.0	265.2	265.5	-9.2	-3.4%
Public Safety/Police	1,407.8	1,454.8	1,513.6	1,475.6	1,523.8	116.0	8.2%
Higher Education	1,287.8	1,345.7	1,422.2	1,432.6	1,495.3	207.5	16.1%
Other Education	388.4	407.6	411.1	424.8	443.1	54.7	14.1%
Agriculture/Natural							
Res./Environment	131.5	114.7	119.3	119.9	125.8	-5.7	-4.3%
Other Executive Agencies	654.0	671.2	687.0	668.4	758.6	104.6	16.0%
Judiciary	425.7	450.7	479.6	485.8	510.7	85.0	20.0%
Legislative	82.3	84.5	89.2	89.3	91.8	9.5	11.5%
Across-the-board Cuts	0.0	0.0	0.0	0.0	-34.9	-34.9	n/a
State Agencies	\$6,326.2	\$6,504.2	\$6,754.3	\$6,776.1	\$7,054.5	\$728.3	11.5%
Total Operating	\$15,912.9	\$16,140.2	\$16,884.7	\$17,189.4	\$17,840.1	\$1,927.2	12.1%
Capital ⁽¹⁾	\$11.5	\$26.5	\$62.3	\$9.5	\$59.5	\$47.9	415.2%
Subtotal	\$15,924.5	\$16,166.7	\$16,947.0	\$17,198.9	\$17,899.6	\$1,975.1	12.4%
Reserve Funds	\$14.8	\$72.5	\$155.4	\$10.0	\$9.3	-\$5.4	-36.8%
Appropriations	\$15,939.3	\$16,239.2	\$17,102.4	\$17,208.9	\$17,908.9	\$1,969.6	12.4%
Reversions	\$0.0	\$0.0	\$0.0	-\$78.0	-\$35.0	-\$35.0	n/a
Grand Total	\$15,939.3	\$16,239.2	\$17,102.4	\$17,130.9	\$17,873.9	\$1,934.6	12.1%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes deficiencies, \$52 million in targeted reversions, and legislative reductions to the deficiencies. The fiscal 2019 legislative appropriation reflects \$1.2 million in reductions contingent on *Chapter 479 of 2018* and \$1.4 million contingent on *Chapter 728 of 2018*. The legislature reduced the budget by an additional \$69.9 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$69.9 million is at the discretion of the Governor.

Exhibit A-1.12 (Cont.)
State Expenditures – Special and Higher Education Funds
Fiscal 2015-2019
(\$ in Millions)

<u>Category</u>	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Working Appropriation 2018</u>	<u>Legislative Appropriation 2019</u>	<u>\$ Change 2015 to 2019</u>	<u>% Change</u>
Debt Service	\$1,124.0	\$1,116.4	\$1,207.7	\$1,304.6	\$1,337.8	\$213.9	19.0%
County/Municipal	\$257.4	\$289.1	\$338.4	\$399.5	\$433.6	\$176.2	68.4%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	386.8	382.4	474.6	475.8	503.5	116.7	30.2%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$644.2	\$671.5	\$813.0	\$875.3	\$937.1	\$292.9	45.5%
Foster Care Payments	\$2.2	\$4.3	\$4.5	\$4.3	\$4.3	\$2.1	93.1%
Assistance Payments	6.4	11.3	12.0	12.5	10.1	3.7	56.9%
Medical Assistance	1,031.1	1,001.9	963.7	991.4	950.0	-81.1	-7.9%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$1,039.8	\$1,017.5	\$980.1	\$1,008.2	\$964.4	-\$75.4	-7.2%
Health	\$394.4	\$394.7	\$407.0	\$472.6	\$429.8	\$35.4	9.0%
Human Services	81.4	100.9	88.8	83.4	82.6	1.2	1.5%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.7	3.3	3.8	3.2	3.6	0.0	-1.1%
Public Safety/Police	214.6	216.8	211.9	221.7	218.7	4.1	1.9%
Higher Education	4,029.0	4,138.3	4,288.9	4,512.4	4,608.3	579.4	14.4%
Other Education	52.7	56.8	64.9	70.7	70.8	18.1	34.3%
Transportation	1,762.4	1,821.8	1,846.0	1,905.1	1,955.8	193.3	11.0%
Agriculture/Natural Res./Environment	205.8	241.1	268.2	293.3	294.7	88.9	43.2%
Other Executive Agencies	615.9	596.6	606.2	693.9	722.6	106.7	17.3%
Judiciary	58.4	50.9	51.7	66.0	62.2	3.8	6.5%
Legislative	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	0.0	0.0	-7.7	-7.7	n/a
State Agencies	\$7,418.3	\$7,621.3	\$7,837.2	\$8,322.2	\$8,441.4	\$1,023.2	13.8%
Total Operating	\$10,226.2	\$10,426.7	\$10,838.0	\$11,510.4	\$11,680.8	\$1,454.6	14.2%
Capital	\$1,530.8	\$1,688.4	\$1,981.3	\$1,816.6	\$1,908.7	\$377.9	24.7%
Transportation	1,283.1	1,446.9	1,675.2	1,481.0	1,497.7	214.7	16.7%
Environment	196.5	183.3	210.1	187.1	220.3	23.8	12.1%
Other	51.3	58.2	96.1	148.6	190.7	139.4	271.9%
Grand Total	\$11,757.0	\$12,115.1	\$12,819.3	\$13,327.0	\$13,589.4	\$1,832.5	15.6%

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

Note: The fiscal 2018 working appropriation reflects deficiencies, legislative cuts to the deficiencies and \$9.4 million in additional special fund spending due to funding swaps. The fiscal 2019 legislative appropriation reflects \$4.9 million in reductions contingent on *Chapter 728 of 2018* and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$2.2 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$2.2 million is at the discretion of the Governor.

Exhibit A-1.12 (Cont.)
State Expenditures – Federal Funds
Fiscal 2015-2019
(\$ in Millions)

<u>Category</u>	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Working Appropriation 2018</u>	<u>Legislative Appropriation 2019</u>	<u>\$ Change 2015 to 2019</u>	<u>% Change 2015 to 2019</u>
Debt Service	\$11.5	\$11.5	\$11.5	\$11.5	\$12.8	\$1.3	11.7%
County/Municipal	\$67.4	\$39.5	\$75.3	\$72.4	\$65.9	-\$1.6	-2.3%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	792.9	828.1	853.5	993.3	970.1	177.2	22.4%
Health	4.5	4.5	3.8	4.5	0.0	-4.5	-100.0%
Aid to Local Governments	\$864.8	\$872.1	\$932.6	\$1,070.1	\$1,036.0	\$171.2	19.8%
Foster Care Payments	\$81.0	\$79.6	\$70.6	\$73.8	\$68.8	-\$12.2	-15.1%
Assistance Payments	1,268.1	1,220.0	1,099.6	1,196.4	1,102.6	-165.5	-13.1%
Medical Assistance	5,736.7	5,933.1	6,601.7	7,003.9	7,059.3	1,322.6	23.1%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$7,085.8	\$7,232.7	\$7,771.9	\$8,274.2	\$8,230.7	\$1,144.9	16.2%
Health	\$891.8	\$865.4	\$930.4	\$996.2	\$1,076.8	\$185.0	20.7%
Human Services	486.5	473.9	494.0	553.0	554.4	67.9	13.9%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.9	5.4	5.0	4.8	5.4	-2.5	-31.6%
Public Safety/Police	34.2	32.8	32.9	40.3	36.8	2.5	7.4%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	271.4	223.1	211.3	270.9	265.4	-6.0	-2.2%
Transportation	89.8	87.3	94.5	97.4	98.5	8.7	9.6%
Agriculture/Natural Res./Environment	64.4	62.3	61.0	67.0	68.4	4.0	6.3%
Other Executive Agencies	534.4	545.3	622.8	622.5	586.4	52.0	9.7%
Judiciary	1.0	0.7	0.7	1.1	0.2	-0.8	-83.2%
Across-the-board Cuts	0.0	0.0	0.0	0.0	-4.6	-4.6	n/a
State Agencies	\$2,381.4	\$2,296.3	\$2,452.6	\$2,653.2	\$2,687.6	\$306.1	12.9%
Total Operating	\$10,343.5	\$10,412.6	\$11,168.6	\$12,009.0	\$11,967.0	\$1,623.5	15.7%
Capital	\$741.2	\$811.1	\$852.7	\$1,115.1	\$1,133.0	\$391.8	52.9%
Transportation	674.4	683.2	782.9	1,005.9	1,063.2	388.7	57.6%
Environment	41.3	44.9	44.0	42.6	43.3	2.0	4.8%
Other	25.5	83.0	25.7	66.6	26.5	1.1	4.2%
Grand Total	\$11,084.7	\$11,223.8	\$12,021.3	\$13,124.1	\$13,100.0	\$2,015.3	18.2%

Note: The fiscal 2018 working appropriation includes deficiencies and legislative cuts to the deficiencies. The fiscal 2019 legislative appropriation reflects \$0.5 million in reductions contingent on *Chapter 728 of 2018* and \$18 million in additional federal fund spending tied to additional general fund spending in Medicaid and Juvenile Services. The additional general fund spending is at the discretion of the Governor.

Exhibit A-1.12 (Cont.)
State Expenditures – State Funds
Fiscal 2015-2019
(\$ in Millions)

<u>Category</u>	Actual	Actual	Actual	Working	Legislative	\$ Change	% Change
	<u>2015</u>	<u>2016</u>	<u>2017</u>	Appropriation	Appropriation		
Debt Service	\$1,264.0	\$1,368.8	\$1,467.1	\$1,564.3	\$1,623.8	\$359.9	28.5%
County/Municipal	\$504.4	\$541.1	\$599.2	\$674.2	\$713.3	\$208.8	41.4%
Community Colleges	290.3	301.8	313.5	317.7	322.4	32.1	11.1%
Education/Libraries	6,154.1	6,215.9	6,399.8	6,454.2	6,625.5	471.4	7.7%
Health	41.7	45.8	49.5	51.1	51.4	9.6	23.1%
Aid to Local Governments	\$6,990.5	\$7,104.7	\$7,361.9	\$7,497.1	\$7,712.5	\$722.0	10.3%
Foster Care Payments	\$188.3	\$188.0	\$194.9	\$188.8	\$192.5	\$4.2	2.2%
Assistance Payments	79.5	68.0	76.5	72.1	55.5	-24.1	-30.3%
Medical Assistance	3,796.4	3,633.8	3,952.8	4,189.5	4,350.1	553.7	14.6%
Property Tax Credits	76.0	78.1	78.0	89.6	90.6	14.6	19.2%
Entitlements	\$4,140.2	\$3,967.9	\$4,302.2	\$4,540.0	\$4,688.6	\$548.4	13.2%
Health	\$1,686.4	\$1,705.4	\$1,759.0	\$1,899.1	\$1,911.7	\$225.3	13.4%
Human Services	442.6	472.9	482.6	452.8	457.0	14.4	3.3%
Children's Cabinet Interagency							
Fund	20.6	22.5	16.6	18.5	18.5	-2.1	-10.2%
Juvenile Services	278.4	273.1	273.8	268.4	269.1	-9.3	-3.3%
Public Safety/Police	1,622.4	1,671.6	1,725.5	1,697.2	1,742.5	120.1	7.4%
Higher Education	5,316.8	5,483.9	5,711.0	5,945.0	6,103.6	786.8	14.8%
Other Education	441.1	464.4	475.9	495.5	513.9	72.7	16.5%
Transportation	1,762.4	1,821.8	1,846.0	1,905.1	1,955.8	193.3	11.0%
Agriculture/Natural							
Res./Environment	337.3	355.9	387.5	413.2	420.5	83.2	24.7%
Other Executive Agencies	1,269.9	1,267.8	1,293.2	1,362.3	1,481.2	211.3	16.6%
Judiciary	484.1	501.6	531.3	551.8	572.9	88.8	18.3%
Legislative	82.3	84.5	89.2	89.3	91.8	9.5	11.5%
Across-the-board Cuts	0.0	0.0	0.0	0.0	-42.7	-42.7	n/a
State Agencies	\$13,744.4	\$14,125.4	\$14,591.5	\$15,098.4	\$15,495.9	\$1,751.4	12.7%
Total Operating	\$26,139.1	\$26,566.9	\$27,722.7	\$28,699.8	\$29,520.9	\$3,381.7	12.9%
Capital ⁽¹⁾	\$1,542.3	\$1,714.9	\$2,043.6	\$1,826.1	\$1,968.1	\$425.8	27.6%
Transportation	1,283.1	1,446.9	1,675.2	1,481.0	1,497.7	214.7	16.7%
Environment	197.5	183.7	210.3	187.6	220.8	23.3	11.8%
Other	61.8	84.3	158.2	157.6	249.7	187.8	303.9%
Subtotal	\$27,681.5	\$28,281.8	\$29,766.3	\$30,525.9	\$31,489.0	\$3,807.5	13.8%
Reserve Funds	\$14.8	\$72.5	\$155.4	\$10.0	\$9.3	-\$5.4	-36.8%
Appropriations	\$27,696.2	\$28,354.3	\$29,921.7	\$30,535.9	\$31,498.3	\$3,802.1	13.7%
Reversions	\$0.0	\$0.0	\$0.0	-\$78.0	-\$35.0	-\$35.0	n/a
Grand Total	\$27,696.2	\$28,354.3	\$29,921.7	\$30,457.9	\$31,463.3	\$3,767.1	13.6%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes deficiencies, \$52 million in targeted reversions, \$9.4 million in additional special fund spending due to funding swaps, and legislative cuts to the deficiencies. The fiscal 2019 legislative appropriation reflects \$1.2 million in reductions contingent on *Chapter 479 of 2018*, \$6.3 million contingent on *Chapter 728 of 2018*, and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$72.1 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$72.1 million is at the discretion of the Governor.

Exhibit A-1.12 (Cont.)
State Expenditures – All Funds
Fiscal 2015-2019
(\$ in Millions)

Category	Actual 2015	Actual 2016	Actual 2017	Working Approp. 2018	Legislative Approp. 2019	\$ Change 2015 to 2019	% Change
Debt Service	\$1,275.4	\$1,380.3	\$1,478.6	\$1,575.8	\$1,636.6	\$361.2	28.3%
County/Municipal	\$571.9	\$580.7	\$674.5	\$746.5	\$779.1	\$207.3	36.2%
Community Colleges	290.3	301.8	313.5	317.7	322.4	32.1	11.1%
Education/Libraries	6,946.9	7,044.0	7,253.3	7,447.5	7,595.6	648.7	9.3%
Health	46.2	50.3	53.3	55.6	51.4	5.1	11.1%
Aid to Local Governments	\$7,855.3	\$7,976.9	\$8,294.6	\$8,567.3	\$8,748.5	\$893.2	11.4%
Foster Care Payments	\$269.3	\$267.6	\$265.5	\$262.6	\$261.2	-\$8.0	-3.0%
Assistance Payments	1,347.6	1,288.0	1,176.0	1,268.5	1,158.0	-189.6	-14.1%
Medical Assistance	9,533.1	9,566.9	10,554.5	11,193.4	11,409.4	1,876.3	19.7%
Property Tax Credits	76.0	78.1	78.0	89.6	90.6	14.6	19.2%
Entitlements	\$11,226.1	\$11,200.6	\$12,074.1	\$12,814.1	\$12,919.3	\$1,693.2	15.1%
Health	\$2,578.3	\$2,570.9	\$2,689.4	\$2,895.3	\$2,988.5	\$410.3	15.9%
Human Services	929.1	946.8	976.6	1,005.8	1,011.4	82.3	8.9%
Children's Cabinet Interagency Fund	20.6	22.5	16.6	18.5	18.5	-2.1	-10.2%
Juvenile Services	286.3	278.4	278.8	273.2	274.5	-11.8	-4.1%
Public Safety/Police	1,656.6	1,704.4	1,758.3	1,737.6	1,779.3	122.6	7.4%
Higher Education	5,316.8	5,483.9	5,711.0	5,945.0	6,103.6	786.8	14.8%
Other Education	712.5	687.5	687.2	766.4	779.3	66.8	9.4%
Transportation	1,852.3	1,909.1	1,940.5	2,002.5	2,054.3	202.0	10.9%
Agriculture/Natural Res./Environment	401.6	418.2	448.5	480.2	488.9	87.3	21.7%
Other Executive Agencies	1,804.3	1,813.1	1,916.0	1,984.8	2,067.5	263.3	14.6%
Judiciary	485.1	502.3	532.0	552.9	573.1	88.0	18.1%
Legislative	82.3	84.5	89.2	89.3	91.8	9.5	11.5%
Across-the-board Cuts	0.0	0.0	0.0	0.0	-47.3	-47.3	n/a
State Agencies	\$16,125.9	\$16,421.7	\$17,044.0	\$17,751.5	\$18,183.4	\$2,057.6	12.8%
Total Operating	\$36,482.7	\$36,979.5	\$38,891.3	\$40,708.7	\$41,487.9	\$5,005.2	13.7%
Capital ⁽¹⁾	\$2,283.5	\$2,526.0	\$2,896.3	\$2,941.2	\$3,101.2	\$817.6	35.8%
Transportation	1,957.5	2,130.2	2,458.1	2,486.9	2,560.9	603.4	30.8%
Environment	238.8	228.5	254.3	230.2	264.1	25.3	10.6%
Other	87.3	167.3	183.9	224.1	276.2	188.9	216.4%
Subtotal	\$38,766.2	\$39,505.6	\$41,787.6	\$43,650.0	\$44,589.0	\$5,822.8	15.0%
Reserve Funds	\$14.8	\$72.5	\$155.4	\$10.0	\$9.3	-\$5.4	-36.8%
Appropriations	\$38,781.0	\$39,578.1	\$41,943.0	\$43,660.0	\$44,598.4	\$5,817.4	15.0%
Reversions	\$0.0	\$0.0	\$0.0	-\$78.0	-\$35.0	-\$35.0	n/a
Grand Total	\$38,781.0	\$39,578.1	\$41,943.0	\$43,582.0	\$44,563.4	\$5,782.4	14.9%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2018 working appropriation includes deficiencies, \$52 million in targeted reversions, \$9.4 million in additional special fund spending due to funding swaps, and legislative cuts to the deficiencies. The fiscal 2019 legislative appropriation reflects \$1.2 million in reductions contingent on *Chapter 479 of 2018*, \$6.8 million contingent on *Chapter 728 of 2018*, and \$16.1 million in additional special fund spending due to funding swaps. The legislature reduced the budget by an additional \$72.1 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$72.1 million (plus matching federal funds of \$18 million) is at the discretion of the Governor.

Capital Budget

A total of \$17.1 billion was authorized by the General Assembly for the State's Capital Program during the 2015-2018 term. Total authorizations by funding type and major category are shown in **Exhibit A-2.1**.

Exhibit A-2.1
Authorization by Major Category
2015-2018 Sessions
(\$ in Millions)

	<u>Total</u>	<u>% of Total</u>
Uses		
Transportation	\$10,041.1	58.8%
Environment	2,362.5	13.8%
Higher Education	1,608.7	9.4%
Education	1,538.0	9.0%
Housing/Community Development	593.7	3.5%
State Facilities	334.2	2.0%
Local Projects	262.4	1.5%
Health/Social	255.4	1.5%
Public Safety	68.5	0.4%
Total	\$17,064.5	100.0%
Sources		
General Funds	\$163.8	1.0%
Special Funds	5,307.6	31.1%
Federal Funds	4,174.0	24.5%
Bond Premiums	116.4	0.7%
Academic Revenue Bonds	135.1	0.8%
MDE Revenue Bonds	499.1	2.9%
Transportation Revenue Bonds	2,405.0	14.1%
General Obligation Bonds	4,263.5	25.0%
Total	\$17,064.5	100.0%

Transportation projects accounted for approximately 59% of the State capital program, with environment, higher education, and education comprising the other top capital program categories. Exhibits A-2.2 and A-2.3 provide greater detail of capital authorizations by session year.

Exhibit A-2.2
Capital Program Authorizations
2015-2018 Sessions

	2015 Session (FY2016)	2016 Session (FY2017)	2017 Session (FY2018)	2018 Session (FY2019)	Subtotal	Total
<u>Uses of Funds</u>						
State Facilities						\$334.2
Facilities Renewal	\$11.1	\$1.7	\$15.0	\$27.6	\$55.4	
Other	79.1	47.5	104.5	47.7	278.8	
Health/Social						255.4
State Facilities	0.0	15.9	0.0	0.4	16.3	
Private Hospitals	49.1	43.0	30.3	80.0	202.4	
Other	10.8	8.9	7.4	9.6	36.7	
Environment						2,362.5
Natural Resources	102.6	96.7	131.8	187.4	518.5	
Agriculture	29.0	23.0	42.5	63.5	158.0	
Environment	282.7	282.5	600.8	436.8	1,602.8	
Maryland Environmental Service	16.5	24.8	19.7	9.6	70.6	
Energy	4.2	3.7	2.6	2.1	12.6	
Public Safety						68.5
State Corrections	31.5	7.6	3.3	5.2	47.6	
Local Jails	0.8	2.9	4.5	7.3	15.5	
State Police	2.1	0.6	0.4	2.3	5.4	
Education						1,538.0
School Construction	314.2	328.3	358.4	426.7	1,427.6	
Other	21.9	34.1	40.5	13.9	110.4	
Higher Education						1,608.7
University System	327.5	307.8	303.6	222.7	1,161.6	
Morgan State University	35.6	40.4	10.4	46.5	132.9	

	2015 Session (FY2016)	2016 Session (FY2017)	2017 Session (FY2018)	2018 Session (FY2019)	Subtotal	Total
St. Mary's College	10.5	4.4	9.8	6.0	30.7	
Community Colleges	54.9	59.6	57.6	60.5	232.6	
Private Colleges/Univ.	9.6	9.6	14.7	17.0	50.9	
Housing/Community Development						593.7
Housing	133.8	118.2	134.7	153.5	540.2	
Other	10.3	13.8	10.9	18.5	53.5	
Local Projects						262.4
Administration	23.0	13.2	22.5	16.2	74.9	
Legislative	25.2	40.3	44.4	77.6	187.5	
Transportation						10,041.1
Transportation	2,194.7	2,558.4	2,604.2	2,683.8	10,041.1	
Total	\$3,780.7	\$4,086.9	\$4,574.5	\$4,622.4	\$17,064.5	\$17,064.5

Sources of Funds**Debt**

General Obligation	\$1,068.3	\$1,009.8	\$1,094.2	\$1,091.2	\$4,263.5
Academic Revenue Bonds	54.6	24.5	32.0	24.0	135.1
MDE Revenue Bonds	0.0	0.0	349.1	150.0	499.1
MDOT Revenue Bonds	300.0	650.0	745.0	710.0	2,405.0
Subtotal	\$1,422.9	\$1,684.3	\$2,220.3	\$1,975.2	\$7,302.7

Current Funds (PAYGO)

General	\$26.5	\$62.3	\$9.5	\$65.5	\$163.8
Special	1,430.2	1,405.4	1,157.0	1,315.0	5,307.6
Bond Premiums	48.4	0.0	0.0	68.0	116.4
Federal	852.6	935.0	1,187.7	1,198.7	4,174.0
Subtotal	\$2,357.7	\$2,402.7	\$2,354.2	\$2,647.2	\$9,761.8

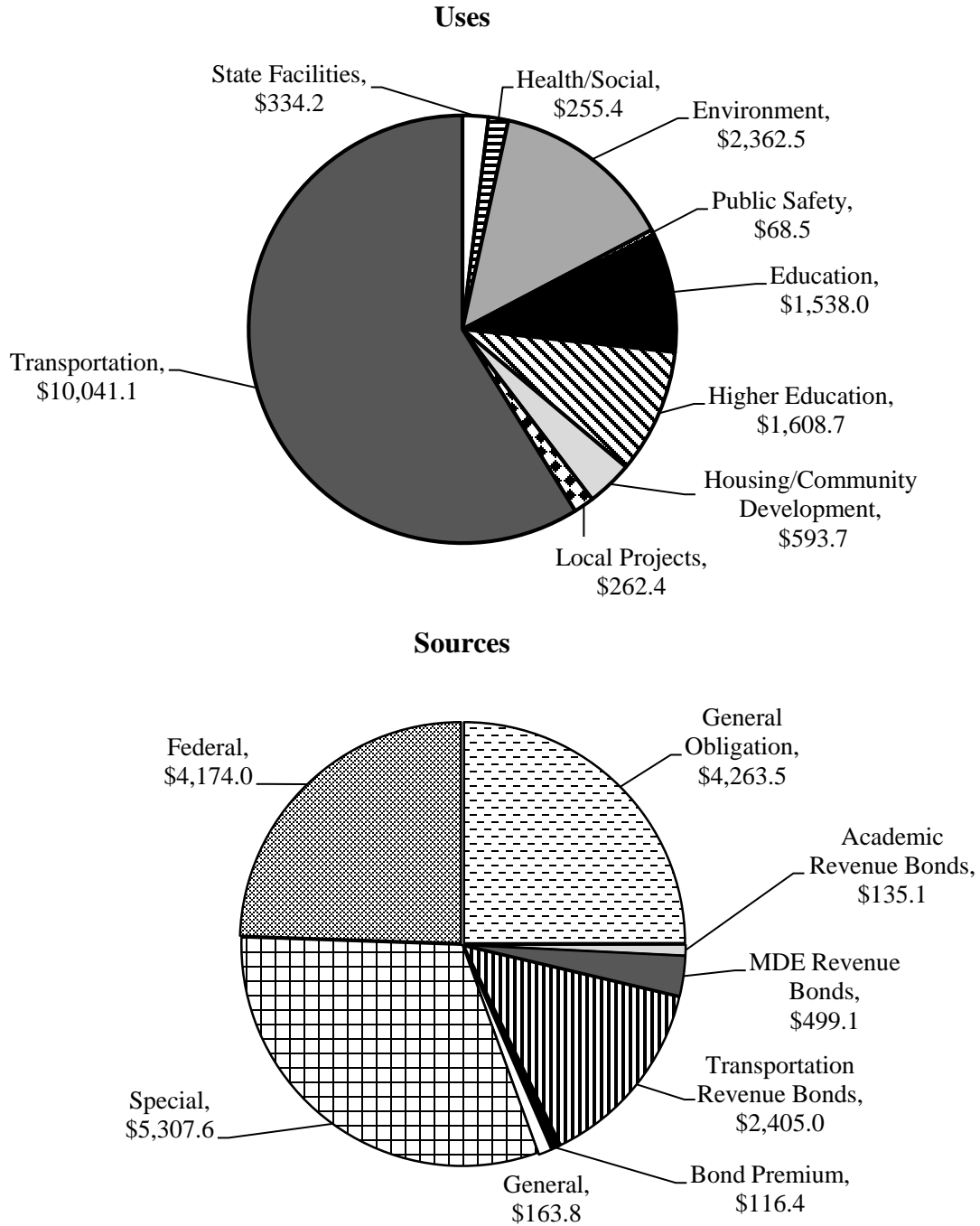
Total Funds	\$3,780.6	\$4,087.0	\$4,574.5	\$4,622.4	\$17,064.5
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MDE: Maryland Department of the Environment

MDOT: Maryland Department of Transportation

PAYGO: pay-as-you-go

Exhibit A-2.3
Capital Program Authorizations
2015-2018 Sessions

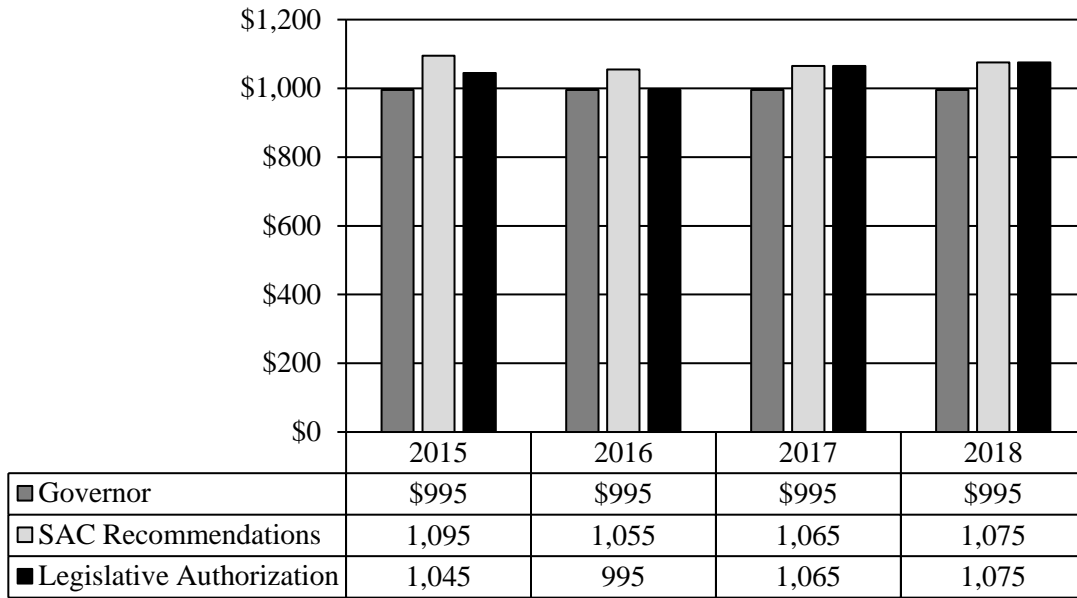


New Debt Authorizations

The State's Capital Debt Affordability Committee (CDAC) annually reviews the size and condition of all tax-supported debt to ensure that the State's tax-supported debt burden remains within affordability limits. Tax-supported debt consists of general obligation (GO) debt, transportation debt, Grant Anticipation Revenue Vehicles, bay restoration bonds, capital leases, Maryland Stadium Authority debt, and bond or revenue anticipation notes. The committee makes annual, nonbinding recommendations to the Governor and the General Assembly on the appropriate level of new GO and academic revenue debt for each fiscal year.

During the 2015-2018 term, the Legislature and the Governor disagreed on the amount of new annual GO bond authorizations. In each year of the term, the Governor proposed limiting new GO bond debt authorizations to \$995 million to slow the growth in debt service costs and provide additional debt capacity in the out-years. The Administration's policy to cap the level of new GO bond authorizations was in contrast with longstanding policy established by CDAC to increase authorizations by 3% annually to account for construction inflation and population growth. Comprised of members of the General Assembly, the Spending Affordability Committee (SAC) compliments the efforts of CDAC in the management of the State's indebtedness. During the term, SAC recommended increasing GO bond authorizations to 1% annually, which linked authorization increases to increases in State property tax revenues, the primary source of support for debt service. The SAC policy was established to contain debt service costs at a rate of growth lower than the rate of growth in the revenues that support debt service. **Exhibit A-2.4** illustrates the different recommended new GO bond authorization levels and the final amounts included in the annual capital budget bill.

Exhibit A-2.4
General Obligation Bond Authorizations
2015-2018 Sessions
(\$ in Millions)



SAC: Spending Affordability Committee

Source: Department of Legislative Services

- 2015 Session:** The SAC recommendation was \$100.0 million higher than what was proposed by the Governor; but the final authorization level split the difference, in part because the capital budget bill included the use of \$48.3 million of bond premium proceeds.
- 2016 Session:** The SAC recommendation exceeded the Governor’s proposed authorization by \$60.0 million. While the final 2016 session authorization level was consistent with the Governor’s proposed \$995.0 million, the capital budget was supplemented with \$122.0 million in general funds. The use of general funds for capital projects was in keeping with the SAC recommendation, which called for the use of a portion of the then projected general fund balance in the furtherance of infrastructure spending. The amount of general fund support for the capital program was later reduced to \$62.3 million through a reduction made by the Board of Public Works (BPW) and other targeted reversions.

- **2017 Session:** The SAC recommendation exceeded the Governor’s proposed authorization level by \$70.0 million. The final 2017 session authorization was at the higher SAC level of \$1,065 million. Unlike the previous two sessions, the capital program was not further supplemented with bond premiums or general funds.
- **2018 Session:** The SAC recommendation exceeded the Governor’s proposed authorization level by \$80.0 million. The final 2018 session authorization level was at the higher SAC level of \$1,075 million, and the capital program was further supplemented with the use of \$68.0 million of fiscal 2018 and 2019 bond premium proceeds.

Transportation

Transportation Trust Fund

The Transportation Trust Fund (TTF) is a nonlapsing special fund that provides funding for the Maryland Department of Transportation’s (MDOT) operating and capital budgets as well as for payment of debt service on MDOT bonds and transportation aid to Maryland counties and municipalities. During the four-year term, legislation was enacted that increases the capital funding for the Washington Metropolitan Area Transit Authority (WMATA) Metrorail system and increases the amount of local transportation aid for five years beginning in fiscal 2020.

WMATA Capital Funding

WMATA’s operations are funded through operating revenues and subsidies provided by the compact signatories: Maryland, Virginia, and the District of Columbia. In April 2017, WMATA released a report, *Keeping Metro Safe, Reliable and Affordable*, which proposed a number of changes to WMATA funding and operations. The report called for the compact signatories to establish a “stable revenue source to generate \$500 million per year” for capital projects in addition to current capital funding. In response to WMATA’s request, **Chapters 351 and 352 of 2018** mandated additional capital funding for WMATA (contingent on Virginia and the District of Columbia also providing additional capital funding). The Acts required the Governor to include in the State budget an appropriation of \$167 million from the funds available in the State capital program in the TTF, which is in addition to the base capital grant to WMATA. The Acts also required an annual increase of 3% to the State’s base capital subsidy to WMATA. The earliest that this mandated capital funding can take effect is fiscal 2020. For a discussion of these and other WMATA-related changes, see the subpart “WMATA Funding and Governance” within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Local Transportation Aid

Chapters 330 and 331 of 2018 converted local transportation aid from a share of revenues in the TTF’s Gasoline and Motor Vehicle Revenue Account (GMVRA), commonly referred to as “highway user revenues,” to mandated capital grants and increased the amount local jurisdictions will receive over a five-year period beginning in fiscal 2020. Following this five-year period, the capital grants will revert to amounts equivalent to the share of GMVRA local jurisdictions currently receive. **Exhibit A-2.5** shows the current and enhanced funding percentages for Baltimore City, counties, and municipalities. For a fuller discussion of local transportation aid changes see the subpart “Highway User Revenues” within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Exhibit A-2.5 Highway User Revenues Share Going to Local Jurisdictions

	<u>Current Law</u>	<u>Enhanced Level Fiscal 2020-2024</u>
Baltimore City	7.7%	8.3%
Counties	1.5%	3.2%
Municipalities	0.4%	2.0%
Total Local Share	9.6%	13.5%

Source: Department of Legislative Services

Public-private Partnerships

Purple Line: In April 2016, MDOT entered into a 36-year public-private partnership (P3) agreement with a concessionaire for the finance, design, construction, and operation of the Purple Line Light Rail Project. Litigation delayed the start of construction for over a year. Construction started on August 28, 2017. The total cost to construct the Purple Line and supporting investments, including planning and development costs incurred prior to the P3 procurement and including construction oversight costs that are outside the P3 contract, is estimated to be \$2.6 billion. The operating, maintenance, and debt service costs over the 30-year concession term (non-escalated) total \$3.66 billion. Revenue service is scheduled to begin on December 31, 2022.

Traffic Relief Plan: In September 2017, the Administration announced plans to add four new express toll lanes to I-270, to the Maryland portion of the Capital Beltway (I-495), and to the Baltimore-Washington Parkway (MD-295) at a total estimated cost of

\$9 billion. MDOT intends to use a P3 agreement for the I-270/I-495 lane addition. The MD-295 lanes would be constructed by the Maryland Transportation Authority. Under the schedule provided by MDOT at an industry forum held to provide an overview of the project to interested private- and public-sector entities, the P3 procurement would conclude in calendar 2020 with construction to begin that year.

Environment

Capital funding for environmental programs totaled \$2.363 billion over the four-year period. These programs are typically administered by the Department of Natural Resources (DNR), the Maryland Department of Agriculture (MDA), and the Maryland Department of the Environment (MDE). Programs receiving significant funding over the four-year term included:

- \$1.603 billion for MDE capital programs, including \$450.0 million for nutrient removal programs funded through the Bay Restoration Fund (BRF) and \$1.116 billion for grants and loans under the Water Quality and Drinking Water Loan programs;
- \$518.5 million for DNR capital programs, including \$435.1 million for Program Open Space and other land preservation and park improvement programs and \$13.9 million for oyster restoration efforts in the Chesapeake Bay; and
- \$158.0 million for MDA capital programs, including \$129.3 million for Agricultural Land Preservation.

The largest undertaking during the 2015-2018 term, as was the case for the previous four-year term, was the continuing effort to improve the water quality of the Chesapeake Bay. This included substantially completing upgrades to the State's largest wastewater treatment plants that were principally funded through the BRF, which is administered by the Water Quality Financing Administration within MDE. Capital authorizations from the BRF are derived from a fee paid by users of wastewater treatment plants and users of onsite sewage septic systems. The revenues are used on a pay-as-you-go basis and to support the issuance of revenue bonds.

During the term, legislation was enacted expanding the use of the BRF. **Exhibit A-2.6** shows the fiscal impact of the expanded uses of the fund.

Exhibit A-2.6
Bay Restoration Fund Expanded Uses
2015-2018 Sessions

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Enhanced Nutrient Removal	\$80,000,000	\$0	\$9,223,633	\$13,670,000
Sewer	0	80,000,000	50,776,367	56,330,000
Biological Nutrient Removal	0	10,984,000	49,089,000	0
Prior Upgrade	0	0	2,000,000	0
Clean Water Commerce Act	0	0	0	6,000,000
Total	\$80,000,000	\$90,984,000	\$111,089,000	\$76,000,000

Note: The \$10,984,000 budgeted for biological nutrient removal in fiscal 2017 and \$49,089,000 in fiscal 2018 reflect \$60,000,000 in revenue bonds authorized in the fiscal 2018 session to replace approximately \$11,000,000 of fiscal 2017 GO bond funding and \$49,000,000 of fiscal 2018 GO bond funding. The \$2,000,000 reflected for prior upgrade in fiscal 2018 reflects the funding encumbered for the Boonsboro wastewater treatment plant at the October 4, 2017 Board of Public Works meeting. The \$6,000,000 reflected for the Clean Water Commerce Act in fiscal 2019 is budgeted in the Maryland Department of the Environment’s operating budget.

Source: Department of Legislative Services

- ***Environment – BRF – Use of Funds:*** Beginning in fiscal 2016, ***Chapter 153 of 2015*** added to the authorized uses of the BRF by providing funding for up to 87.5% of the cost of projects relating to combined sewer overflow abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including pumping stations. The Act also altered the priority of BRF funding beginning in fiscal 2018 by making grants for septic system upgrades, stormwater management, and combined sewer overflow and sewer abatement projects of equal priority, with funding decisions made on a project-specific basis.
- ***Budget Reconciliation and Financing Act of 2017: Chapter 23 of 2017*** authorized the use of up to \$60 million of tax-supported revenue bonds and the funds in the BRF to fund Biological Nutrient Removal projects, while ***Chapters 368 and 369 of 2017*** (BRF – Eligible Uses – Expansion) permanently expanded the allowable uses of the BRF to include biological nutrient removal projects. Previously, only costs related to upgrading a facility from biological nutrient removal to enhanced nutrient removal were eligible for BRF funding.

- ***BRF – Upgraded Wastewater Facilities – Grants to Counties and Municipalities: Chapter 397 of 2017*** authorized MDE to use funds from the BRF to award a grant to a county or municipality that upgraded a wastewater facility to enhanced nutrient removal before July 1, 2013, if (1) the county or municipality did not receive a grant for the upgrade from the BRF and (2) the customers of the wastewater facility pay the bay restoration fee. Up to \$2 million in grants may be awarded by MDE on a first-come, first-served basis. The grant program terminates September 30, 2019.
- ***Clean Water Commerce Act of 2017: Chapter 366 and 367 of 2017*** expanded the authorized uses of the BRF’s Wastewater Account to include, after funding other specified BRF priorities, the purchase of cost-effective nitrogen, phosphorus, or sediment load reductions in support of the State’s efforts to restore the health of the Chesapeake Bay. The Acts authorized up to \$4 million in fiscal 2018, \$6 million in fiscal 2019, and \$10 million per year in fiscal 2020 and 2021 from the BRF for that purpose. The nitrogen, phosphorus, and sediment load reductions cannot be from the agricultural sector and must be created on or after July 1, 2017. The Acts, which terminate June 30, 2021, also establish reporting requirements for MDE.
- ***On-site Sewage Disposal Systems – Watershed Implementation Plan and BRF Disbursements and Financial Assistance: Chapter 585 of 2018*** authorized the State or a local jurisdiction to count toward the nitrogen load reductions identified in its respective watershed implementation plan a reduction in nitrogen from (1) upgrading a septic system to best available technology if the operation and maintenance for the septic system is current and (2) pumping out a septic system that is subject to a specified local septic stewardship plan. The legislation also expanded the authorized uses of the BRF Septics Account to include funding for (1) a local jurisdiction to provide financial assistance to eligible homeowners for the reasonable cost of pumping out septic systems under specified conditions and (2) in fiscal 2020 and 2021, financial assistance to a local jurisdiction to develop a qualifying septic stewardship plan.

Program Open Space Transfers and Repayment Plan

In the four-year term, the legislature established a repayment plan for a portion of transfer tax revenues that had been diverted to the General Fund over multiple years to help close budget shortfalls. ***Chapter 10 of 2016*** established the repayment of \$242.2 million in past redirected transfer tax funds by fiscal 2029. This is comprised of \$90 million transferred from the transfer tax special fund to the General Fund in fiscal 2006 and the repayment of \$152.2 million for the partial repayment of transfers that occurred between fiscal 2016 and 2018. The plan provides for the use of general funds as a source of repayment to be expended as special funds in the budget. **Exhibit A-2.7** shows the most recent repayment schedule as modified by actions of the General Assembly in the 2017 and 2018 sessions.

Exhibit A-2.7
Transfer Tax Replacement Plan
2017-2028 Sessions
(\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022-2028</u>	<u>Total</u>
Fiscal 2006 Transfer							
MARBIDCO	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	\$0.0	\$12.5
POS	0.0	0.0	12.5	12.5	12.5	0.0	37.5
Park Development	0.0	6.0	6.0	6.0	6.0	16.0	40.0
Subtotal	\$2.5	\$8.5	\$21.0	\$21.0	\$21.0	\$16.0	\$90.0
Fiscal 2016 to 2018 Transfers							
POS	\$0.0	\$0.0	\$25.4	\$25.4	\$12.7	\$88.8	\$152.2
Subtotal	\$0.0	\$0.0	\$25.4	\$25.4	\$12.7	\$88.8	\$152.2
Total	\$2.5	\$8.5	\$46.4	\$46.4	\$33.7	\$104.8	\$242.2

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

Source: Department of Legislative Services

Public School Construction

During the 2015-2018 term, the General Assembly continued to focus on providing adequate funding for public school construction projects consistent with the goals established in the 2004 Public School Facilities Act. During the four-year term, the State invested a total of \$1.428 billion. For an additional discussion on the allocation of authorized funds for public school construction, see the subpart “Education – Primary and Secondary” within Part L – Education of this *Major Issues Review*.

Supplemental Capital Grant Program

Chapter 355 of 2015 established the supplemental capital grant program to provide grants in the annual *Capital Improvement Program* to local school systems that have enrollment growth that exceeds 150% of the statewide average or with more than 300 relocatable classrooms over a five-year period. The grants are for the construction and renovation of public school facilities and are supplemental to the funding for the public school construction program. Grant awards are subject to the State and local cost-share formula for each school system and require approval by BPW. *Chapters 665 and 666*

of 2016 increased the amount to be provided annually for the program from \$20 million to \$40 million. The General Assembly increased the allocation beyond the statutory requirement to \$62.5 million in fiscal 2018 and \$68.2 million in fiscal 2019.

21st Century School Facilities Commission

The 21st Century School Facilities Commission was charged with multiple responsibilities, including (1) identifying areas where innovative financing mechanisms can be used for construction; (2) determining areas for efficiencies and cost-saving measures for construction and maintenance; and (3) reviewing the relationship between State agencies and local governments. The commission released its final report in December 2017, which included five major conclusions and 36 recommendations.

Under current law, subject to the final approval of BPW, the Interagency Committee on School Construction (IAC) manages State review and approval of local school construction projects. However, in several years, including most recently in fiscal 2018 and 2019, capital budget bill language has provided that IAC makes the final funding allocations.

Chapter 14 of 2018, the 21st Century School Facilities Act, makes comprehensive changes to school construction funding and approval processes that, with the exception of provisions related to IAC, were based largely on the recommendations of the commission. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session and the bill became law. The Act (1) alters the name, composition, and role of IAC; (2) requires periodic public school facilities assessments; (3) streamlines the State approval process for school construction projects; (4) establishes an annual goal that at least \$400 million for public school construction be provided as soon as practicable; and (5) includes a requirement that \$10 million for school safety improvements be provided beginning in fiscal 2019.

Healthy School Facility Fund

Chapter 561 of 2018 is an emergency measure that establishes the Healthy School Facility Fund within IAC to provide grants to public schools to improve the health of school facilities. The Governor must appropriate \$30.0 million for the special fund in fiscal 2020 and 2021, which must be in addition to funds that would otherwise be appropriated for public schools. IAC must administer the grant program and give priority in awarding grants to schools based on the severity of issues in the school, including (1) air conditioning; (2) heating; (3) indoor air quality; (4) mold remediation; (5) temperature regulation; (6) plumbing; and (7) windows. No jurisdiction may receive more than \$15.0 million in a given fiscal year, and the total amount of a grant is not required to cover the full cost of a project.

School Safety

Following the tragic shootings at Marjory Stoneman Douglas High School in Florida and at Great Mills High School in St. Mary’s County, the General Assembly passed legislation that takes a comprehensive approach to make schools in the State safer. Combined, the fiscal 2019 operating and capital budgets and *Chapters 14 and 30 of 2018* provide \$23.5 million of capital funding for school safety-related purposes in fiscal 2019 and \$10 million in annual capital grants beginning in fiscal 2020.

Higher Education

The General Assembly continued to prioritize funding for the higher education system by authorizing \$1.6 billion during the 2015-2018 term. These funds provided for the construction of science, engineering, computer science, and interdisciplinary life science facilities; research centers; and infrastructure projects at the State’s public and independent four-year institutions and at community colleges throughout the State. **Exhibit A-2.8** shows funding for each public four-year institution and total funding for community colleges and four-year independent institutions.

Exhibit A-2.8
Higher Education Capital Funding by Institution
2015-2018 Sessions

<u>Institution</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Four-year Total</u>
UM, Baltimore Campus	\$81,550	\$85,000	\$6,490	\$11,064	\$184,104
UM, College Park Campus	108,667	105,055	115,872	34,497	364,091
Bowie State University	39,728	31,501	0	1,500	72,729
Towson University	0	6,150	26,300	63,744	96,194
UM Eastern Shore	6,498	3,500	3,048	0	13,046
Frostburg State University	5,105	2,500	1,000	2,000	10,605
Coppin State University	0	0	1,336	1,634	2,970
University of Baltimore	0	9,300	3,750	0	13,050
Salisbury University	53,180	425	0	0	53,605
UM Baltimore County	6,000	7,640	40,249	68,159	122,048
UM University College	0	0	0	0	0
UM Center for Environmental Science	4,531	0	0	0	4,531
USM Office	17,000	17,000	17,000	17,000	68,000
Subtotal, USM Institutions	\$322,259	\$268,071	\$215,045	\$199,598	\$1,004,973

<u>Institution</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Four-year Total</u>
Morgan State University	\$35,620	\$40,400	\$10,360	\$46,521	\$132,901
St. Mary's College of Maryland	10,482	4,400	9,832	6,005	30,719
Regional Centers ¹	5,166	39,761	88,651	23,114	156,692
BCCC	0	248	0	365	613
Community Colleges	54,926	59,386	57,552	60,095	231,959
Independents	9,600	9,600	14,700	17,000	50,900
Total	\$438,053	\$421,866	\$396,140	\$352,698	\$1,608,757

BCCC: Baltimore City Community College

UM: University of Maryland

USM: University System of Maryland

¹ Includes University System of Maryland's Universities at Shady Grove and the Southern Maryland Higher Education Center.

Source: Department of Legislative Services

The University System of Maryland institutions received 62.5% (\$1.0 billion) of the funding. During the 2015-2018 term, the State's contribution for community college construction increased from \$222.1 million during the previous four-year term to \$232.0 million. Regional centers received \$156.7 million in funding, which is due to construction of a biomedical sciences and engineering facility at the Universities of Shady Grove. Morgan State University received \$132.9 million, and independent institutions received \$50.9 million compared to \$70.5 million in the previous four-year term.

Housing and Community Development

Capital investment in housing and community development programs totaled \$593.7 million over the four-year term compared to \$455.2 million in the previous four-year term. Of this amount, \$540.2 million is administered by the Department of Housing and Community Development (DHCD). Many of the DHCD programs require the issuance of taxable bonds, but the State's fiscal situation, while improved in the four-year term, still precluded the use of general fund support. Instead, the State continued to rely on the use of GO bond funds and special funds derived from investments and principal and interest payments on loans.

During the term, the State continued to focus on increasing the supply of affordable housing through the DHCD Rental Housing Programs that fund the rehabilitation and creation of new affordable housing for low- to moderate-income individuals and families.

Typically, DHCD funding is used to provide low-interest loans to housing developers for the financing of affordable housing developments. During the four-year term, a total of \$189.0 million, or 32%, of all housing and community development funding was provided to address the development of affordable housing through DHCD Rental Housing Programs.

During the term, the Governor started a new initiative to remove blight through demolition or stabilization and encourage redevelopment, reinvestment, and stabilization in Baltimore City referred to as Project C.O.R.E. The initiative was codified as part of DHCD's Strategic Demolition and Smart Growth Impact Fund by *Chapter 30 of 2016*, which mandated an appropriation of \$25.6 million in fiscal 2018 and \$28.5 million in fiscal 2019. Project C.O.R.E received a total of \$75.0 million over the three-year period covering fiscal 2017 through 2019.

Another initiative, the Baltimore Regional Neighborhood Initiative (BRNI), though codified in the 2014 session, was enhanced and funding mandated through actions of the General Assembly during the four-year term. BRNI provides grants to fund revitalization strategies in State-designated sustainable community areas in Baltimore City and Anne Arundel and Baltimore counties. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development. Statute now mandates \$12.0 million in annual capital funding for BRNI in each of fiscal 2018 through 2022. During the 2015-2018 term, BRNI received \$22.0 million of funding.

Public Safety

Authorized funding for public safety projects totaled \$68.5 million during the term compared to \$149.0 million in the previous term. Although a total of \$47.6 million was authorized for State correctional facilities, funding was expected to be much higher during the term. Significant estimated construction costs led to the indefinite deferral of construction of a new male and female detention center in Baltimore City. State capital authorizations for local jail construction projects initially totaled \$15.5 million compared to just \$5.1 million in the previous four-year term. The low level of activity in the previous four-year term reflected a lack of financial support from local governments due to a tight fiscal climate.

Health/Social

The largest commitment of capital funding for health/social services projects during the term was \$116.8 million for construction of the new University of Maryland Capital Region Medical Center (formerly the Prince George's Regional Medical Center). The project began receiving State funds in fiscal 2014 and is expected to receive a total of \$208 million of State support. Legislation enacted in the 2016 session mandated the amount and timing of the State's remaining financial contribution. *Chapter 13 of 2016*, as

amended by *Chapter 23 of 2017* (the BRFA), revised the timing of mandated funding to complete the project. **Exhibit A-2.9** shows the complete funding plan.

Exhibit A-2.9
Capital Region Medical Center Capital Funding – All Sources
2018-2020 Sessions
(\$ in Millions)

	<u>Prior Auth.</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
State	\$103.8	\$48.0	\$56.2	\$0.0	\$208.0
Prince George’s County	104.0	104.0	0.0	0.0	208.0
University of Maryland Medical System	9.0	15.2	30.2	39.2	93.5
Total	\$216.8	\$167.2	\$86.4	\$39.2	\$509.5

Source: Department of Legislative Services

State Aid to Local Governments

Recent Trends

State aid to local governments totaled \$7.7 billion in fiscal 2019. During the 2015 to 2018 legislative term (fiscal 2016 to 2019), State aid to local governments increased by an average rate of 2.4%. Over this four-year period, State aid to local governments increased by \$710.5 million, including an increase of \$710.9 million in direct aid, which is partially offset by a \$335,700 decrease in State-paid retirement costs for county teachers, librarians, and community college faculty. Direct State aid for public schools accounted for \$453.3 million, or 63.8%, of this increase, and is 75.1% of total State aid in fiscal 2019. Though it accounted for only 9.6% of State aid in fiscal 2019, State aid to county and municipal governments increased by 39.5% during the term. **Exhibits A-3.1** and **A-3.2** show the change in State aid by governmental entity from fiscal 2015 to 2019.

Major Legislative Actions

The General Assembly took several actions during the 2015 to 2018 legislative term that altered State aid to local governments. Major areas of change during this time include enhancements to direct aid for public schools and continuation of reforms begun during the 2011 to 2015 legislative term that initiated cost sharing with local governments for retirement costs, thus curtailing annual growth in State funding on behalf of certain local government employees.

Exhibit A-3.1
State Aid to Local Governments
Fiscal 2015 and 2019
(\$ in Millions)

	<u>2015</u>	<u>2019</u>	<u>\$ Difference</u>	<u>% Difference</u>
Public Schools	\$5,364.4	\$5,817.7	\$453.3	8.5%
Libraries	50.8	60.3	9.5	18.8%
Community Colleges	250.0	278.3	28.4	11.3%
Local Health	41.7	51.4	9.6	23.1%
County/Municipal	531.8	741.8	210.0	39.5%
Subtotal – Direct Aid	\$6,238.7	\$6,949.5	\$710.9	11.4%
Retirement Payments	\$798.0	\$797.6	-\$0.3	-0.0%
Total	\$7,036.6	\$7,747.1	\$710.5	10.1%

Source: Department of Legislative Services

Exhibit A-3.2
Annual Change in State Aid
Fiscal 2016-2019
(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Public Schools	\$56.3	\$117.9	\$108.6	\$170.6	\$453.3
Libraries	1.2	1.4	5.0	1.9	9.5
Community Colleges	9.9	7.2	6.0	5.2	28.4
Local Health	4.1	3.7	1.6	0.3	9.6
County/Municipal	33.0	57.5	69.4	50.1	210.0
Subtotal – Direct Aid	\$104.5	\$187.6	\$190.6	\$228.1	\$710.9
Retirement Payments	-\$6.8	\$63.0	-\$54.9	-\$1.8	-\$0.3
Total	\$97.7	\$250.7	\$135.8	\$226.3	\$710.5

Source: Department of Legislative Services

Enhanced State Funding for Education

Chapter 357 of 2018 proposed a constitutional amendment that, if approved by the voters at the 2018 general election, would require the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125.0 million in fiscal 2020, \$250.0 million in fiscal 2021, and \$375.0 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding.

In addition, *Chapter 10 of 2018*, the BRFA of 2018, credited \$200 million in income tax revenue to a special fund to support the implementation of the recommendations of the Commission on Innovation and Excellence in Education. *Chapters 701 and 702 of 2016* established the commission to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten. *Chapter 361 of 2018* extended the deadline for the commission to complete its work by one year and largely reflected several recommendations within the commission's preliminary report. Among other provisions, *Chapter 361* increased annual State funding for prekindergarten expansion, beginning in fiscal 2020, and established three new public

school State aid programs while altering funding levels for the Public School Opportunities Enhancement Program.

The establishment of declining enrollment grants and prekindergarten supplemental grants under *Chapters 6 and 607 of 2017* and of Tax Increment Financing (TIF) grants under *Chapter 258 of 2016* also contributed to the enhancement of State aid to public schools during the term.

Teacher Retirement

The BRFA of 2012 (Chapter 1 of the first special session of 2012) phased in school board payments of the annual normal cost for teachers retirement over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. The BRFA of 2012 established annual teacher retirement supplemental grants totaling \$27.7 million beginning in fiscal 2013. These grants are distributed to nine counties (including Baltimore City) to help offset the impact of sharing teachers' retirement costs with the counties. Because these grants are not distributed to local boards of education, these grants are considered State aid to county and municipal governments, not State aid for public schools.

Chapter 489 of 2015, the BRFA, reduced the mandated State retirement supplemental contribution from \$150.0 million to \$75.0 million in fiscal 2016 and repealed the corridor funding method for the State Retirement and Pension System. This resulted in reductions amounting to approximately \$38.2 million in fiscal 2016 State aid for retirement payments for public school teachers and other professional personnel. State retirement costs for public school personnel increased by \$57.7 million in fiscal 2017. Much of this increase was attributed to approximately \$47.0 million added by the Governor for teacher pensions, including a portion of the fiscal 2015 surplus in accordance with *Chapter 489*.

Chapter 23 of 2017, the BRFA, repealed the requirement, for fiscal 2018 only, that the Governor include an appropriation to the State Retirement and Pension System trust fund equal to one-half of the amount by which the unappropriated general fund surplus exceeds \$10.0 million in the second preceding fiscal year, up to a maximum of \$50.0 million. Thus, State retirement aid for local school employees was reduced by approximately \$36 million in fiscal 2018. State retirement aid for local school employees totaled \$732.9 million in fiscal 2019, nearly level with the \$734.5 million total for fiscal 2018.

Targeted Public Safety Grants

Chapter 516 of 2016 established the Internet Crimes Against Children Task Force Fund administered by the Executive Director of the Governor's Office of Crime Control and Prevention (GOCCP) to (1) provide grants to local law enforcement agencies for salaries, training, and equipment to be used for the investigation and prosecution of Internet crimes against children; (2) support the ongoing operations of the task force established by the Department of State Police; and (3) provide funding to specified child advocacy centers. *Chapter 516* required the Governor

to include in the annual budget bill an appropriation of not less than \$2 million to the fund beginning in fiscal 2018. The fiscal 2019 budget included \$2 million for the fund.

Chapter 519 of 2016 made changes relating to public safety and policing generally consistent with the recommendations of the Public Safety and Policing Workgroup, including establishing a Community Program Fund within GOCCP to assist (1) local law enforcement agencies in establishing community programs and (2) agencies of local government in establishing violence intervention programs. Beginning in fiscal 2018, the Governor must include \$500,000 in the annual budget bill for the fund. The fiscal 2019 budget included \$500,000 for the fund.

Transportation Funding

Chapters 330 and 331 of 2018 required 100% of the funds in the Gasoline and Motor Vehicle Revenue Account (GMVRA) of the Transportation Trust Fund (TTF) to be retained by the TTF beginning in fiscal 2020. Beginning in that same year, instead of directly sharing GMVRA revenue with local governments, the Maryland Department of Transportation must provide capital transportation grants to local governments based on the amount of revenue allocated to GMVRA. From fiscal 2020 through 2024, 13.5% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%). Beginning in fiscal 2025, 9.6% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this is equivalent to the current GMVRA distribution to localities.

Changes by Program

Exhibit A-3.3 summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees in fiscal 2015 and 2019. **Exhibit A-3.4** compares total State aid in fiscal 2015 and 2019 by program.

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

County	County – Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over 2015	Percent Change
			Public Schools	Libraries	Health						
Allegany	\$17,010	\$6,748	\$83,623	\$817	\$1,548	\$109,746	\$8,487	\$118,233	\$9,720	9.0%	
Anne Arundel	52,938	31,031	367,789	2,350	4,246	458,354	68,006	526,360	54,741	11.6%	
Baltimore City	310,076	0	859,699	9,378	8,367	1,187,520	64,468	1,251,987	-5,544	-0.4%	
Baltimore	33,769	43,763	679,023	6,210	5,519	768,285	96,656	864,941	98,099	12.8%	
Calvert	6,241	2,826	82,487	482	638	92,673	13,790	106,462	1,236	1.2%	
Caroline	5,121	1,680	56,873	317	796	64,788	4,889	69,676	9,090	15.0%	
Carroll	7,658	9,107	133,158	1,032	1,722	152,677	20,744	173,421	294	0.2%	
Cecil	9,752	6,776	108,273	840	1,160	126,801	13,792	140,594	10,445	8.0%	
Charles	5,737	9,184	184,234	1,107	1,512	201,775	22,856	224,630	24,269	12.1%	
Dorchester	4,994	1,300	43,746	296	755	51,093	3,926	55,019	6,782	14.1%	
Frederick	10,916	11,304	249,692	1,493	2,160	275,565	33,135	308,700	18,506	6.4%	
Garrett	6,567	4,015	22,198	163	733	33,675	3,484	37,160	3,354	9.9%	
Harford	10,030	12,476	212,003	1,672	2,383	238,564	30,142	268,706	8,575	3.3%	
Howard	12,325	20,672	257,552	983	1,781	293,313	60,719	354,032	41,434	13.3%	
Kent	1,484	551	10,062	103	605	12,805	1,875	14,681	326	2.3%	
Montgomery	40,974	51,286	716,448	3,236	4,039	815,984	170,140	986,123	105,370	12.0%	
Prince George's	109,742	31,632	1,142,893	7,477	6,458	1,298,201	116,211	1,414,412	197,654	16.2%	
Queen Anne's	2,576	2,156	35,906	175	618	41,431	6,305	47,736	2,235	4.9%	
St. Mary's	4,023	3,130	107,279	772	1,092	116,296	13,690	129,987	10,654	8.9%	
Somerset	7,694	836	32,599	303	589	42,021	2,813	44,833	4,881	12.2%	
Talbot	3,081	1,849	14,859	116	569	20,473	3,742	24,215	2,466	11.3%	
Washington	8,928	9,503	179,902	1,361	1,887	201,580	17,906	219,487	15,514	7.6%	
Wicomico	15,982	5,627	148,289	1,091	1,355	172,344	12,742	185,086	22,363	13.7%	
Worcester	7,924	2,430	20,037	159	840	31,390	7,115	38,506	3,508	10.0%	
Unallocated	46,241	8,439	69,091	18,380	0	142,150	0	142,150	64,546	83.2%	
Total	\$741,783	\$278,322	\$5,817,715	\$60,313	\$51,372	\$6,949,505	\$797,633	\$7,747,138	\$710,518	10.1%	

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 2015 Actual
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County – Municipal	Community Colleges	Public			Subtotal		
			Schools	Libraries	Health			
Allegany	\$13,641	\$6,112	\$77,461	\$744	\$1,051	\$99,010	\$9,504	\$108,513
Anne Arundel	33,319	30,990	334,116	2,101	3,507	404,032	67,586	471,618
Baltimore City	258,920	0	912,672	6,053	7,449	1,185,094	72,437	1,257,531
Baltimore	21,727	41,217	598,215	5,327	4,812	671,298	95,544	766,842
Calvert	4,659	2,480	82,163	385	426	90,113	15,114	105,227
Caroline	4,501	1,622	48,911	270	597	55,901	4,685	60,586
Carroll	5,051	8,114	134,648	902	1,371	150,086	23,042	173,128
Cecil	6,828	5,844	101,860	719	899	116,151	13,998	130,149
Charles	3,845	8,420	162,501	920	1,109	176,794	23,567	200,361
Dorchester	4,490	1,214	37,883	252	488	44,328	3,910	48,238
Frederick	8,073	9,869	234,050	1,334	1,685	255,010	35,185	290,195
Garrett	4,391	3,755	21,340	114	495	30,094	3,711	33,806
Harford	7,066	11,211	205,722	1,450	1,936	227,385	32,746	260,130
Howard	8,033	16,404	225,192	838	1,359	251,826	60,772	312,598
Kent	1,292	584	9,978	81	383	12,318	2,037	14,355
Montgomery	29,620	45,918	633,012	2,813	3,388	714,751	166,002	880,753
Prince George's	65,891	26,868	1,009,900	6,759	5,599	1,115,017	101,741	1,216,758
Queen Anne's	2,859	1,883	34,078	138	465	39,423	6,077	45,500
St. Mary's	2,951	2,788	97,990	612	900	105,242	14,091	119,332
Somerset	6,455	728	29,302	268	479	37,232	2,721	39,953
Talbot	2,107	1,751	13,493	107	365	17,823	3,926	21,749
Washington	6,700	8,704	166,601	1,172	1,536	184,714	19,259	203,973
Wicomico	12,888	4,999	129,843	943	1,053	149,726	12,997	162,723
Worcester	5,581	2,076	19,486	144	393	27,680	7,318	34,998
Unallocated	10,868	6,417	43,997	16,323	0	77,604	0	77,604
Total	\$531,756	\$249,967	\$5,364,415	\$50,769	\$41,743	\$6,238,651	\$797,969	\$7,036,620

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

Exhibit A-3.3 (Cont.)
State Aid to Local Governments
Dollar Difference between Fiscal 2019 Legislative Appropriation and Fiscal 2015 Actual
(\$ in Thousands)

County	County – Municipal	Community Colleges	Direct State Aid			Subtotal	Retirement	Total
			Public Schools	Libraries	Health			
Allegany	\$3,369	\$635	\$6,162	\$73	\$497	\$10,736	-\$1,016	\$9,720
Anne Arundel	19,619	41	33,673	249	739	54,321	420	54,741
Baltimore City	51,156	0	-52,974	3,325	918	2,426	-7,970	-5,544
Baltimore	12,042	2,546	80,808	884	706	96,987	1,112	98,099
Calvert	1,582	346	324	96	212	2,560	-1,324	1,236
Caroline	620	58	7,962	47	199	8,886	204	9,090
Carroll	2,608	993	-1,490	130	351	2,592	-2,298	294
Cecil	2,924	931	6,413	121	262	10,651	-206	10,445
Charles	1,893	765	21,733	186	403	24,981	-711	24,269
Dorchester	504	86	5,863	44	268	6,765	16	6,782
Frederick	2,843	1,435	15,643	159	475	20,555	-2,049	18,506
Garrett	2,176	260	858	49	238	3,581	-227	3,354
Harford	2,963	1,266	6,281	222	447	11,179	-2,604	8,575
Howard	4,291	4,268	32,360	145	423	41,487	-54	41,434
Kent	192	-32	84	22	222	487	-162	326
Montgomery	11,354	5,368	83,436	423	651	101,232	4,137	105,370
Prince George's	43,851	4,764	132,992	717	859	183,184	14,470	197,654
Queen Anne's	-283	273	1,827	37	153	2,007	228	2,235
St. Mary's	1,071	342	9,289	160	192	11,055	-400	10,654
Somerset	1,239	108	3,297	35	110	4,789	92	4,881
Talbot	974	98	1,366	9	203	2,650	-184	2,466
Washington	2,227	799	13,301	189	351	16,867	-1,353	15,514
Wicomico	3,093	629	18,445	148	302	22,618	-255	22,363
Worcester	2,343	354	552	15	446	3,710	-202	3,508
Unallocated	35,373	2,022	25,094	2,057	0	64,546	0	64,546
Total	\$210,026	\$28,354	\$453,301	\$9,543	\$9,629	\$710,854	-\$336	\$710,518

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

Exhibit A-3.3 (Cont.)
State Aid to Local Governments
Percent Change: Fiscal 2019 Legislative Appropriation over Fiscal 2015 Actual

County	<i>Direct State Aid</i>						Retirement	Total
	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	24.7%	10.4%	8.0%	9.8%	47.3%	10.8%	-10.7%	9.0%
Anne Arundel	58.9%	0.1%	10.1%	11.9%	21.1%	13.4%	0.6%	11.6%
Baltimore City	19.8%	n/a	-5.8%	54.9%	12.3%	0.2%	-11.0%	-0.4%
Baltimore	55.4%	6.2%	13.5%	16.6%	14.7%	14.4%	1.2%	12.8%
Calvert	34.0%	13.9%	0.4%	25.0%	49.9%	2.8%	-8.8%	1.2%
Caroline	13.8%	3.6%	16.3%	17.5%	33.3%	15.9%	4.3%	15.0%
Carroll	51.6%	12.2%	-1.1%	14.5%	25.6%	1.7%	-10.0%	0.2%
Cecil	42.8%	15.9%	6.3%	16.8%	29.1%	9.2%	-1.5%	8.0%
Charles	49.2%	9.1%	13.4%	20.3%	36.4%	14.1%	-3.0%	12.1%
Dorchester	11.2%	7.1%	15.5%	17.4%	54.9%	15.3%	0.4%	14.1%
Frederick	35.2%	14.5%	6.7%	11.9%	28.2%	8.1%	-5.8%	6.4%
Garrett	49.6%	6.9%	4.0%	42.9%	48.1%	11.9%	-6.1%	9.9%
Harford	41.9%	11.3%	3.1%	15.3%	23.1%	4.9%	-8.0%	3.3%
Howard	53.4%	26.0%	14.4%	17.3%	31.1%	16.5%	-0.1%	13.3%
Kent	14.8%	-5.6%	0.8%	27.0%	58.1%	4.0%	-7.9%	2.3%
Montgomery	38.3%	11.7%	13.2%	15.0%	19.2%	14.2%	2.5%	12.0%
Prince George's	66.6%	17.7%	13.2%	10.6%	15.3%	16.4%	14.2%	16.2%
Queen Anne's	-9.9%	14.5%	5.4%	26.8%	33.0%	5.1%	3.7%	4.9%
St. Mary's	36.3%	12.3%	9.5%	26.1%	21.3%	10.5%	-2.8%	8.9%
Somerset	19.2%	14.8%	11.3%	13.0%	23.0%	12.9%	3.4%	12.2%
Talbot	46.2%	5.6%	10.1%	8.3%	55.6%	14.9%	-4.7%	11.3%
Washington	33.2%	9.2%	8.0%	16.1%	22.9%	9.1%	-7.0%	7.6%
Wicomico	24.0%	12.6%	14.2%	15.7%	28.7%	15.1%	-2.0%	13.7%
Worcester	42.0%	17.1%	2.8%	10.4%	113.5%	13.4%	-2.8%	10.0%
Unallocated	325.5%	31.5%	57.0%	12.6%	n/a	83.2%	-100.0%	83.2%
Total	39.5%	11.3%	8.5%	18.8%	23.1%	11.4%	0.0%	10.1%

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
Fiscal 2015 and 2019

<u>Program</u>	<u>2015</u>	<u>2019</u>	<u>Difference</u>
Foundation Aid	\$2,882,438,045	\$3,056,189,470	\$173,751,425
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index	132,684,798	141,573,510	8,888,712
Net Taxable Income Education Grants	26,860,206	62,523,818	35,663,612
Tax Increment Financing Education Grants	0	535,131	535,131
Foundation – Special Grants	593,055	12,955,565	12,362,510
Declining Enrollment Education Grants	0	18,663,687	18,663,687
Compensatory Education	1,251,675,638	1,308,336,290	56,660,652
Student Transportation – Regular	234,187,692	256,452,211	22,264,519
Student Transportation – Special Education	24,192,000	26,133,000	1,941,000
Special Education – Formula	271,702,887	290,812,794	19,109,907
Special Education – Nonpublic Placements	134,128,810	123,500,000	-10,628,810
Special Education – Infants and Toddlers	10,389,103	10,389,104	1
Limited English Proficiency Grants	197,653,373	288,041,382	90,388,009
Guaranteed Tax Base	59,390,154	48,169,682	-11,220,472
Prekindergarten Expansion Program	4,300,000	11,644,000	7,344,000
Prekindergarten Supplemental Grants	0	16,039,177	16,039,177
School Safety Grants	0	13,100,000	13,100,000
Food Service	10,793,426	11,236,664	443,238
SEED School	10,146,460	10,450,207	303,747
Judy Hoyer Centers	10,575,000	10,575,000	0
Aging Schools	6,108,990	6,108,990	0
Teacher Development	22,451,630	6,520,000	-15,931,630
Adult Education	8,246,323	8,011,986	-234,337
Next Generation Scholars	0	4,700,000	4,700,000
Public School Opportunities	0	3,000,000	3,000,000
Heroin and Opioid Education	0	3,000,000	3,000,000
Out-of-county Foster Placements	2,182,848	2,000,000	-182,848
Head Start	1,799,999	1,800,000	1
Other Education Aid	15,294,178	18,633,599	3,339,421
Total Primary and Secondary Education	\$5,364,414,698	\$5,817,715,350	\$453,300,652
Library Formula	\$34,446,212	\$41,932,865	\$7,486,653
Library Network	16,323,271	18,380,048	2,056,777
Total Libraries	\$50,769,483	\$60,312,913	\$9,543,430

<u>Program</u>	<u>2015</u>	<u>2019</u>	<u>Difference</u>
Community College Formula	\$219,538,747	\$240,447,311	\$20,908,564
Optional Retirement	14,297,308	17,328,000	3,030,692
Grants for ESOL Programs	5,516,743	5,548,721	31,978
Small College Grants	3,597,901	5,959,101	2,361,200
Other Community College Aid	7,016,664	9,038,669	2,022,005
Total Community Colleges	\$249,967,363	\$278,321,802	\$28,354,439
Highway User Revenue	\$171,695,129	\$178,132,608	\$6,437,479
County Transportation Grants	0	35,451,141	35,451,141
Municipal Transportation Grants	16,000,001	22,480,289	6,480,288
Elderly and Disabled Transportation Aid	3,969,593	4,305,908	336,315
Paratransit Grants	2,944,139	1,726,068	-1,218,071
Total Transportation	\$194,608,862	\$242,096,014	\$47,487,152
Police Aid	\$67,273,740	\$74,457,216	\$7,183,476
Fire and Rescue Aid	11,700,000	15,000,000	3,300,000
9-1-1 Grants	7,845,729	14,400,000	6,554,271
Baltimore City Direct Police Grant	4,737,600	9,180,112	4,442,512
Safe Streets Program	2,830,352	4,589,746	1,759,394
State's Attorney Grants	3,959,195	3,228,840	-730,355
Violent Crime Grants	4,750,714	2,292,489	-2,458,225
Vehicle Theft Prevention	1,537,860	1,886,020	348,160
Drug Enforcement Grants	1,464,610	1,214,610	-250,000
Other Public Safety Aid	3,245,928	6,436,509	3,190,581
Total Public Safety	\$109,345,728	\$132,685,542	\$23,339,814
Program Open Space	\$26,446,000	\$58,787,824	\$32,341,824
Wastewater Treatment – Nutrient Removal	2,561,750	7,000,000	4,438,250
Critical Area Grants	245,025	252,700	7,675
Total Recreation/Environment	\$29,252,775	\$66,040,524	\$36,787,749
Local Health Formula	\$41,743,209	\$51,372,156	\$9,628,947
Disparity Grant	\$127,738,286	\$140,804,172	\$13,065,886
Gaming Impact Grants	\$36,409,346	\$87,243,802	\$50,834,456
Teachers Retirement Supplemental Grants	27,658,662	27,658,661	-1
Neighborhood Revitalization	0	28,500,000	28,500,000
Statewide Voting Systems	3,197,829	5,471,244	2,273,415
Revenue Equity Program	0	3,303,370	3,303,370
Payments in Lieu of Taxes (PILOT)	1,031,695	2,195,492	1,163,797

<u>Program</u>	<u>2015</u>	<u>2019</u>	<u>Difference</u>
PILOT – Park Service	217,733	2,291,673	2,073,940
PILOT – Forest Service	150,105	146,208	-3,897
Instant Bingo	1,655,241	2,581,588	926,347
Senior Citizens Activities Center	490,000	764,238	274,238
Total Other Direct Aid	\$70,810,611	\$160,156,276	\$89,345,665
Total Direct Aid	\$6,238,651,015	\$6,949,504,749	\$710,853,734
Retirement – Teachers	\$738,575,043	\$732,920,781	-\$5,654,262
Retirement – Libraries	19,097,648	20,645,412	1,547,764
Retirement – Community Colleges	40,296,368	44,067,171	3,770,803
Total Payments-in-behalf	\$797,969,059	\$797,633,364	-\$335,695
Total State Aid	\$7,036,620,074	\$7,747,138,113	\$710,518,039

ESOL: English for Speakers of Other Languages

Primary and Secondary Education

Foundation Program: The foundation program is the basic State education funding mechanism for public schools, which ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. The per pupil foundation amount is \$7,065 for fiscal 2019, an increase of 0.8%, which is well below the 5% cap on the annual growth in the per pupil foundation amount. The student enrollment count used for the program totals 860,806 students. Enrollment for the formula is based on the September 30, 2017 full-time equivalent (FTE) enrollment count. Less affluent local school systems, as measured by assessable base and net taxable income (NTI), receive relatively more aid per pupil than wealthier school systems. The State provides funding for approximately half of the program's cost. State aid under the foundation program totaled \$3.1 billion in fiscal 2019, or \$173.8 million above fiscal 2015 program funding. In addition, \$46.6 million in supplemental grants was provided annually.

Geographic Cost of Education Index: This formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. **Chapter 477 of 2015** made funding of the program mandatory rather than discretionary, contingent upon full funding not being provided in the fiscal 2016 operating budget; since the Governor did not release funds set aside by the General Assembly (\$68.1 million) to fund the Geographic Cost of Education Index (GCEI) at 100% in fiscal 2016, full funding became mandatory beginning in fiscal 2017. Thirteen local school systems received a total of \$141.6 million in fiscal 2019 from the GCEI formula, an increase of \$8.9 million over fiscal 2015.

Net Taxable Income Grants: Pursuant to Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using an NTI amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the higher State aid amount resulting from the two calculations. The scheduled phase-in of the grants was delayed by one year beginning in fiscal 2016, resulting in fiscal 2019 being the first year of full phase-in. Fiscal 2019 funding of NTI grants totaled \$62.5 million, a \$35.7 million increase compared to fiscal 2015.

Tax Increment Financing Grants: Chapter 258 of 2016 provided grants, for fiscal 2018 and 2019, to counties that established a TIF development district after May 1, 2016, and that qualify for State disparity grant funding. State education aid must be calculated twice for eligible counties: once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district. A county receives a State grant to ensure it receives the higher amount of State aid for education between the two calculations. Baltimore City received a grant of \$535,100 in fiscal 2019, an increase of \$113,000, or 26.8%, over fiscal 2018. Under **Chapter 387 of 2018**, the termination date for the program is repealed, with additional funding for Baltimore City increasing to approximately \$1.4 million by fiscal 2023.

Declining Enrollment Grants: Under **Chapters 6 and 607 of 2017**, school systems in eight counties benefit from \$18.7 million in declining enrollment grants in fiscal 2019, an increase of \$1.4 million over fiscal 2018 grant funding. Baltimore City received \$16 million of these funds, while seven counties also benefit from grants.

Compensatory Education Program: The Compensatory Education Program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97% of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced-price meals. The State share of program cost is 50%, with the State paying no less than 40% of the funding for each local school system. The student enrollment count used for the program in fiscal 2019 totaled 367,916. State aid under the compensatory education program totaled \$1.3 billion in fiscal 2019, an increase of \$56.7 million over fiscal 2015 program funding.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a \$1,000 per student grant for transporting disabled students. The fiscal 2019 budget totaled \$282.6 million and included \$256.5 million for regular transportation services and \$26.1 million for special transportation services. This represented a \$24.2 million increase compared to fiscal 2015.

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

The special education formula is calculated based on 74% of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. The State share of program cost is 50% statewide with a floor of 40% for each local school system. The student enrollment count used for the program totals 107,664 for fiscal 2019. State formula funding for public special education programs totaled \$290.8 million in fiscal 2019, a \$19.1 million, or 7.0%, increase over fiscal 2015. Funding for nonpublic placements totaled \$123.5 million in fiscal 2019, a \$10.6 million, or 7.9%, decrease compared to fiscal 2015. 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 totaled \$10.4 million in fiscal 2019, the same annual amount that has been provided since fiscal 2009.

Limited English Proficiency: The State provides grants based on non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99% of the annual per pupil foundation amount, with the State providing funding for 50% of the program's cost. State funding for the program totaled \$288.0 million in fiscal 2019, representing a \$90.4 million, or 45.7%, increase over fiscal 2015. This considerable increase was due both to annual enrollment increases for the program as well as the adoption of more rigorous English proficiency standards for exit from the program, beginning with the 2017-2018 school year. The number of LEP students totaled 79,656 for purposes of fiscal 2019 funding.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80% of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant is based on local support for education relative to local wealth. The grant cannot exceed 20% of the per pupil foundation amount. Ten local school systems qualified for grants totaling \$48.2 million in fiscal 2019. This represents a decrease of \$11.2 million compared to fiscal 2015.

Prekindergarten Funding: The Prekindergarten Expansion Act of 2014 expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines (FPG) by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget included \$4.3 million for the expansion program in fiscal 2015 through 2017. In 2014, Maryland

was also awarded a federal grant that provided \$15.0 million annually through fiscal 2019 to continue the expansion of public prekindergarten. In its grant application, the State committed to matching funds of \$3.7 million in fiscal 2018 and \$7.3 million in fiscal 2019 to provide access to high-quality prekindergarten to families with incomes between 200% and 300% of FPG. Pursuant to *Chapters 683 and 684 of 2016*, the Governor must include an appropriation in the budget for the amount that the State committed to fund as the State match to the federal grant in addition to the amount required under preexisting law for the State Prekindergarten Expansion Grant Program. Thus, State funding totaled \$8 million in fiscal 2018 and \$11.6 million in the fiscal 2019 budget. Under *Chapter 361 of 2018*, mandatory annual State funding increases from \$4.3 million to \$26.6 million beginning in fiscal 2020.

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

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

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced-price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students.

The fiscal 2019 budget included \$11.2 million for food and nutrition services, an increase of \$443,200 compared to fiscal 2015. However, the General Assembly passed legislation that will increase State aid for school meals, beginning in fiscal 2020. *Chapter 560 of 2018* made 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* required minimum annual funding of \$7.6 million for Maryland Meals for Achievement, which will result in a \$650,000 increase in State aid beginning in fiscal 2020.

Judy Hoyer and Head Start Programs: These programs provide financial support for the establishment of centers that provide full-day, comprehensive, early education programs and family support services that will assist in preparing children to enter school ready to learn. The programs also provide funding to support early childhood educators and statewide implementation of an early childhood assessment system. The fiscal 2019 budget included \$10.6 million for Judy Hoyer programs and \$1.8 million for Head Start programs, level with fiscal 2015 in both cases. *Chapters 555 and 556 of 2018* required an annual State funding level of \$3.0 million for

Head Start, which is named the Ulysses Currie Head Start Program by the legislation. This amounts to a \$1.2 million annual increase, though mandatory funding begins in fiscal 2020.

Aging Schools Program: The Aging Schools Program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. The BRFA of 2011 authorized mandated funding for the program to be provided in the operating or capital budget. The fiscal 2019 budget included \$6.1 million in bond funding for the program, level with fiscal 2015 funding. Though the General Assembly restricted \$6.1 million in fiscal 2017 general funds for the program, the Governor chose not to provide funding in that year.

Teacher Development: State aid for teacher development totaled \$6.5 million in fiscal 2019, a decrease of \$15.9 million compared to the amount provided in fiscal 2015. Funds for Quality Teacher Incentives are used to recruit and retain quality teachers by providing stipends to teachers achieving National Board of Certification (NBC).

Chapter 600 of 1999, the Quality Teacher Incentives (QTI) Act, established NBC teacher stipends and other incentives for teachers as a mandatory program. The QTI program budget grew to \$21.9 million in fiscal 2015, prompting cost containment actions, including the repeal of a non-NBC stipend in **Chapter 489 of 2015**, the BRFA. **Chapter 740 of 2016** increased the maximum State match for stipends for teachers who hold NBC and work in a school with comprehensive needs from \$2,000 to \$4,000. In addition, **Chapter 740** established a matching State stipend of up to a maximum of \$1,500 for specified Anne Arundel County Public Schools (AACPS) classroom teachers in fiscal 2018 and 2019. **Chapter 23 of 2017**, the BRFA, reduced the maximum State match for stipends for teachers who hold national certification and work in a comprehensive needs school from \$4,000 to \$2,000 in fiscal 2018, and the fiscal 2019 budget reduced funding from \$4.1 million to \$2.8 million in fiscal 2019. **Chapter 23** also reduced the maximum State match for stipends for specified AACPS classroom teachers from \$1,500 to \$750 for fiscal 2018. **Chapter 10 of 2018**, the BRFA, eliminated the State match of stipends for AACPS classroom teachers in fiscal 2019.

Chapter 740 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, **Chapter 23** reduced the funding level in fiscal 2018 to \$2.1 million, and **Chapter 10** reduced the funding level to \$3.0 million in fiscal 2019. The fiscal 2019 budget included \$96,000 for the Governor's Teacher Excellence Award Program, which distributes awards to teachers for outstanding performance and also includes \$600,000 for national certification fees.

Adult Education: The State provides funding for adult education services, including classes on basic skills in reading, writing, and math, or learning to speak and understand the English language. Grants also assist adults to prepare to earn a high school diploma through the

GED tests or the National External Diploma Program. The fiscal 2019 budget included \$8.0 million for adult education programs, \$234,300 below fiscal 2015 program funding.

Innovative Programs: Chapters 681 and 682 of 2016 established the Robotics Grant Program, intended to provide \$250,000 annually in grants to public schools and nonprofit robotics clubs to support existing robotics programs in the State and increase the number of robotics programs in the State. The legislature twice rejected the Governor's proposal to remove the funding mandate for the program. **Chapter 470 of 2016** established a Linking Youth to New Experiences High School at Frederick High School in Frederick County. State funding for the program totaled \$236,600 in both fiscal 2018 and 2019. **Chapter 33 of 2016** reestablished the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program. The Governor must include \$5.0 million in general funds for the program to be administered in school systems in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program in the 2015-2016 school year. However, funding in fiscal 2018 and 2019 was reduced to a total of \$4.7 million. In fiscal 2019, \$3.0 million in State aid was provided pursuant to **Chapters 573 and 574 of 2017**, the Heroin and Opioid Education and Community Action Act of 2017, to award grants to local boards of education to implement the Act's policy and training requirements.

Chapter 361 of 2018 established three new programs: the Learning in Extended Academic Programs (LEAP) grant program, the Maryland Early Literacy Initiative, and the Career and Technology Education (CTE) Innovation grant program. Combined, a total of \$9.0 million in funding was authorized in fiscal 2019 for these programs; however, the transfer of funds for these purposes is at the discretion of the Governor. The LEAP grant program is intended to provide a grant to public schools in which at least 80% of students qualify for free and reduced-price meals to provide extended academic programming that has a positive measurable impact on or enriches the academic performance and overall well-being of students who are at risk of falling behind academic requirements. The Maryland Early Literacy Initiative is intended to assist up to 50 Title I public schools in at least three counties to implement an evidence-based literacy program to work with specified students to meet literacy targets. The CTE Innovation grant program funds partnerships to develop and implement an innovative CTE curriculum framework and pathway that includes the United States and international best practices.

Chapter 32 of 2016 established the Public School Opportunities Enhancement Program to help to expand or create extended day and summer enhancement programs and to assist in expanding or supporting existing educational programming during the school day. **Chapter 23 of 2017** reduced the mandated appropriation for the program for fiscal 2018 from \$7.5 million to \$2.5 million, the first year of funding for the program. The General Assembly provided \$3.0 million of the mandated \$7.5 million in annual funding for fiscal 2019. The resulting \$4.5 million reduction was offset by authorized funding for the LEAP grant program described above.

School-based Health Centers: The fiscal 2019 budget included \$2.6 million for school-based health centers, which provide primary medical care as well as social, mental health,

and health education services for students and their families. This amount reflects virtually level funding since fiscal 2012.

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

Teachers' Retirement Payments: State retirement costs for public school teachers and other professional public school personnel totaled an estimated \$732.9 million in fiscal 2019, a \$5.7 million decrease from the fiscal 2015 funding level.

Local Libraries

Chapter 489 of 2015 reduced the per resident aid amount under the per capita library program and extended the phase-in of per capita funding for that program as well as for the State Library Resource Center and regional resource centers. However, **Chapter 549 of 2016** accelerated scheduled increases to the per capita funding amounts that must be provided to the State Library Resource Center, regional resource centers, and county public library systems participating in the State's library program beginning in fiscal 2018. These programs are discussed below.

Library Aid Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. The per resident amount is set at \$15.50 for fiscal 2019 and is scheduled to increase to \$16.70 annually beginning in fiscal 2022. Fiscal 2019 funding totals \$38.9 million, a \$4.5 million increase compared to fiscal 2015. In addition, per **Chapters 714 and 715 of 2016**, Baltimore City will receive \$3.0 million annually over a five-year period (fiscal 2018 through 2022) to support expanded operations throughout the library system.

State Library Network: The State provides funds to libraries designated as resource centers, including the State Library Resource Center in Baltimore City, and to regional resource centers, including the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. Participating regional resource centers must receive a minimum amount of funding for each resident of the area served to be used for operating and capital expenses. Per resident funding for the State Library Resource Center is set at \$1.77 in fiscal 2019 and will phase up to \$1.85 per resident by fiscal 2021. Per resident funding for regional resource centers is set at \$7.95 in fiscal 2019 and will phase up to \$8.75 per resident by fiscal 2022. Fiscal 2019 State library network funding totaled \$18.4 million, an increase of \$2.1 million over fiscal 2015.

Retirement Payments: The State pays 100% of the retirement costs for local library employees. Fiscal 2019 funding totaled \$20.6 million, an increase of \$1.5 million compared to fiscal 2015.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage (22% in fiscal 2019) of the current year's State aid to selected four-year public higher education institutions and the total number of FTE students at the community colleges. The total is then distributed to each college based on the previous year's direct grant, enrollment, and a small-size factor. Chapter 464 of 2014 altered the funding percentages in statute to accelerate support for community colleges. However, in January 2015, for cost containment, the Board of Public Works reduced the Cade formula by \$6.6 million (and the Small Community College grant program by \$228,400). The reduction to the Cade formula was reached by cutting in half the annual growth of all State support to community colleges. Fiscal 2019 funding totaled \$240.4 million, an increase of \$20.9 million over fiscal 2015 funding.

Special Programs: The fiscal 2019 budget included \$2.0 million for supplemental grants to community colleges that increase tuition by no more than 2% in the 2018-2019 academic year. This was the second straight year such a grant has been provided. The fiscal 2018 grants totaled \$4.0 million. State funding in fiscal 2019 totaled \$6.0 million for small college grants and \$600,000 for Allegany/Garrett counties unrestricted grants. **Chapter 330 of 2017** increased unrestricted grants to small colleges by approximately \$1.7 million annually, beginning in fiscal 2019. Funding for statewide and regional programs totaled \$6.4 million. The English as a Second Language Program received \$5.5 million. Overall funding for special programs totaled \$20.5 million in fiscal 2019, an increase of \$4.4 million over fiscal 2015 funding.

Retirement Payments: Fiscal 2019 funding totaled \$44.1 million, an increase of \$3.8 million compared to fiscal 2015. Also, State funding for the optional retirement program totaled \$17.3 million in fiscal 2019, a \$3.0 million increase compared to fiscal 2015.

Local Health Formula

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 local health departments. Funding is adjusted annually for inflation and statewide population growth for the second preceding fiscal year. The annual adjustment is generally allocated to each county based on its percentage share of State funds distributed in the previous fiscal year. The need to address a substantial change in community health need, as determined by the Secretary of Health, may also affect allocations of the annual adjustment. **Chapter 23 of 2017**, the BRFA, level funded the local health formula amount at the fiscal 2017 levels. However, the legislation allowed for increases for contractual health insurance costs in certain counties so that total fiscal 2018 funding was \$51.1 million. **Chapter 10 of 2018**, the BRFA, initially proposed to level fund the local health formula amount at the fiscal 2018 levels, with an allowance for increases for contractual health insurance costs in certain counties. However, the General Assembly instead set funding for local health grants at \$51.4 million in fiscal 2019, an increase of \$9.6 million over the fiscal 2015 amount.

County and Municipal Governments

Highway User Revenue: The State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with the counties and municipalities. Allocations to counties and municipalities are based on the percentage of road miles and vehicle registrations within each local jurisdiction. In fiscal 2019, \$142.9 million (7.7% of HUR) is distributed to Baltimore City; \$27.8 million (1.5%) is distributed to counties; and \$7.4 million (0.4%) is distributed to municipalities, for a total of \$178.1 million, which is an increase of \$6.4 million over the fiscal 2015 amount.

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

Elderly/Disabled Transportation Grants: State funding for elderly/disabled transportation grants totaled \$4.3 million in fiscal 2019 and State funding for paratransit grants totaled \$1.7 million in fiscal 2019. Over the last four years, funding for these two programs declined by approximately \$0.9 million.

Police Aid Formula: Maryland’s counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30% of the State crime laboratory costs relating to evidence-testing services from each county’s formula allocation. As a cost containment measure, the police aid formula was level funded in fiscal 2015 and 2016 at the fiscal 2014 formula amount of \$67.3 million. Cost containment also factored into the fiscal 2018 funding as **Chapter 23 of 2017** level funded the fiscal 2018 police aid formula at the fiscal 2017 level of \$73.7 million. Funding for fiscal 2019 totaled \$74.5 million, an increase of \$7.2 million over fiscal 2015.

Fire, Rescue, and Ambulance Service: The State provides formula grants through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The program supports the purchase of fire and rescue equipment and capital building improvements and is funded through the Maryland Emergency Medical System Operations Fund. Fiscal 2019 funding totaled \$15.0 million, which is an increase of \$3.3 million over the fiscal 2015 amount as a result of legislation passed in 2013 (Chapter 429).

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 totaled \$14.4 million in fiscal 2019, which is an increase of \$6.6 million over the fiscal 2015 amount.

Targeted Public Safety Grants: State funding for targeted public safety grants totaled \$26.9 million in fiscal 2019, representing a \$6.0 million increase from the fiscal 2015 amount. Funding for fiscal 2019 included \$11.9 million in targeted grants for Baltimore City and \$4.8 million in targeted grants for Prince George's County. This funding also included \$10.3 million for several statewide initiatives (*i.e.*, Safe Streets Program, Internet Crimes Against Children Task Force, S.T.O.P. gun violence grants, community program fund, day reporting centers, domestic violence grants, law enforcement and correctional officers training grants, sex offender and compliance enforcement, and body armor grants). A new initiative will provide enhanced support to local governments for the establishment, expansion, and improvement of pretrial services agencies.

Vehicle Theft Prevention: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund and from inspection fees collected for salvaged vehicle verification. State funding for this program totaled \$1.9 million in fiscal 2019, an increase of \$348,200 over the fiscal 2015 amount.

Program Open Space: This program was established in 1969 to expedite the acquisition of outdoor recreation and open space, before property cost and development made it impossible, and to accelerate the development of outdoor recreation facilities. In fiscal 2019, the POS formula allocated \$53.3 million to the counties, which is an increase of \$34.6 million over the fiscal 2015 amount. In addition, Baltimore City received \$5.5 million in special POS funding 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 2019 budget included \$7.0 million in funding, which is an increase of \$4.4 million over the fiscal 2015 amount.

Disparity Grants: The disparity grant program provides noncategorical State aid to low wealth jurisdictions for county government purposes. 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. Counties with income tax rates of 2.6% or higher with per capita local income tax revenues less than 75% of the State's average (assuming a 2.54% statewide county income tax rate) qualify for a grant. Chapter 487 of 2009 included a provision, beginning in fiscal 2011, that capped each county's funding under the program at the fiscal 2010 level.

Beginning in fiscal 2014, the fiscal 2010 cap amount continued to apply, but an eligible county or Baltimore City may receive a minimum amount (that can exceed the fiscal 2010 cap) based on local tax effort. The minimum amounts are (1) 20% of the uncapped grant amount if the local income tax rate is at least 2.8% but less than 3.0%; (2) 40% of the uncapped grant amount if the rate is at least 3.0% but less than 3.2%; or (3) 60% of the uncapped grant amount if the rate is at 3.2%.

Chapter 738 of 2016 altered the calculation of the disparity grant program for counties with a local income tax rate of 3.2% by increasing the minimum grant amount (funding floor) from 60.0% to 67.5% of the formula calculation in fiscal 2018 and 2019. However, **Chapter 23 of 2017** modified the formula by lowering the minimum grant amount (funding floor) from 67.5% to 63.75% of the formula calculation for fiscal 2018 only.

Based on the statutory formula, Baltimore City and nine counties (Allegany, Caroline, Cecil, Dorchester, Garrett, Prince George's, Somerset, Washington, and Wicomico) qualified for disparity grants in fiscal 2019. The fiscal 2019 budget included \$140.8 million for disparity grants, an increase of \$13.1 million from fiscal 2015.

Chapter 472 of 2018 extended by two years the 67.5% minimum grant amount for counties with a local income tax rate of 3.2%. As a result, State funding for the program increases by \$6.3 million in fiscal 2020 and by \$6.8 million in fiscal 2021.

Gaming Impact Grants: From the proceeds generated by video lottery terminals at video lottery facilities in the State, generally 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18% is distributed for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft Raceway (\$1.0 million annually). Furthermore, under Chapter 464 of 2014, the BRFA, for fiscal 2015 through 2019, \$500,000 of the 18% dedication is distributed to communities within three miles of Laurel Race Course, resulting in \$89,300 for Howard County, an additional \$357,100 for Anne Arundel County, and \$53,600 for the City of Laurel in each of these five fiscal years. **Chapter 767 of 2018** made this distribution permanent beginning in fiscal 2020. In addition, 5% of table game revenues are distributed to local jurisdictions where a video lottery facility is located. Gaming impact grants totaled \$87.2 million in fiscal 2019, an increase of \$50.8 million over the fiscal 2015 funding amount.

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

Neighborhood Revitalization: **Chapter 30 of 2016** required the Governor to include \$25.6 million in the State budget for fiscal 2018 and \$28.5 million in fiscal 2019 for the Strategic Demolition Fund. Of this amount, \$3.5 million was targeted to projects outside of Baltimore City, and the remainder was targeted for projects within Baltimore City (\$22.1 million in fiscal 2018

and \$25.0 million in fiscal 2019). The Strategic Demolition Fund provides funding to assist with demolition, land assembly, housing development or redevelopment, and revitalization. Funding is awarded on a competitive basis to local governments and community development organizations. The program seeks to accelerate economic development, job creation, and smart growth in existing Maryland communities. The fiscal 2019 capital budget, *Chapter 9 of 2018*, included \$28.5 million in funding for this program.

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

Forest Service and Maryland Park Service – Payments in Lieu of Taxes: Each county in which any State forest or park is located annually receives 15% of the net revenues derived from the forest or park located in that county, including concession operations. If the forest or park reserve comprises 10% or more of its total land area, the county annually receives 25% of the net revenues derived from the reserve. The original intent of the county payments was to offset the loss in property taxes to counties in which the State owned a significant amount of acreage. In fiscal 2019, Forest Service payments to local governments totaled \$146,200 and Maryland Park Service payments to local governments totaled \$2.3 million.

Senior Citizen Activities Center Operating Fund: The Senior Citizen Activities Center Operating Fund is a nonlapsing fund that consists of appropriations from the State budget. The fund supplements any other funding for senior citizen activities centers in the State budget; it may not be used to replace existing funding. Money is distributed to counties based on a competitive grant process, with at least 50% of the funds distributed based on need for senior citizen activities centers in counties determined by the Maryland Department of Aging to meet criteria related to economic distress. *Chapter 17 of 2016* increased, from \$500,000 to \$750,000, the required annual appropriation to the Senior Citizen Activities Center Operating Fund beginning in fiscal 2018, required additional expenditures under specified circumstances, and altered how the funds are distributed to counties within the State. The fiscal 2019 budget included \$764,200 for the program, which was approximately the same amount that was included for fiscal 2018.

County Level Detail

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

Direct Aid and Retirement Payments

Direct Aid: The State distributes aid or shares revenue with the counties, municipalities, and Baltimore City through over 80 different programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county for fiscal 2016 through 2019.

Retirement Payments: County teachers, librarians, and community college faculty are members of either the teachers' retirement or pension systems maintained and operated by the State. The State pays a portion of the employer share of the retirement costs on behalf of the counties for these local employees. 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. The figure shown in this report for each county is the four-year cumulative total retirement costs (fiscal 2016 through 2019). 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 estimates of general and special fund appropriations for health services, social services, and senior citizen services for fiscal 2016 through 2019.

Health Services: The Maryland Department of Health, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. In addition, the Medicaid program provides funding for medical services for low-income persons. This report does not include spending at the State mental health hospitals, developmental disability facilities, or chronic disease centers.

- **Behavioral Health Services:** The Behavioral Health Administration was formed four years ago combining the Alcohol and Drug Abuse Administration with the Mental Health Administration. Substance abuse programs include primary and emergency care, intermediate care facilities, halfway houses and long-term care programs, outpatient care, and prevention programs. Community mental health services are developed and monitored at the local level by the Core Service Agency (CSA). CSAs 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.

- **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.
- **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.
- **Developmental Disabilities:** The Developmental Disabilities Administration's community-based programs include residential services, day programs, transportation services, summer recreation for children, individual and family support services, including respite care, individual family care, behavioral support services, and community supported living arrangements.

Social Services: The Department of Human Services, GOCCP, 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 2016 to 2019 estimates of funding for those programs that are available by subdivision. Note that fiscal 2019 funding for homeless services, women's services, foster care, and temporary cash assistance is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2018 funding and may change.

- **Homeless Services:** The State funds programs that provide emergency and transitional housing, food, and transportation for homeless families and individuals. Funding is available by county for the housing counselor, service-linked housing, and emergency and transitional housing programs.
- **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.
- **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.

- ***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.
- ***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.
- ***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.

Senior Citizen Services: The Department of Aging funds a variety of services for senior citizens mostly through local area agencies on aging. In Part B of each county, these programs have been combined into two broad categories: long-term care and community services. In this report the fiscal 2019 spending is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2018 funding and may change.

- ***Long-term Care:*** This category includes the following programs: frail and vulnerable elderly, senior care, senior guardianship, and the ombudsman program.
- ***Community Services:*** Included in this category are the senior information and assistance program, the senior nutrition program, and the hold harmless grant.

Capital Grants and Capital Projects for State Facilities

This section shows capital grants for local projects as well as capital spending at State-owned facilities funded by the fiscal 2016 to 2019 operating and capital budgets. For each capital project, the total authorized amount is given, regardless of the funding source, although federally funded projects are shown separately.

The projects included and the funding level are those that were anticipated at the time the operating and capital budgets were adopted for each of the four fiscal years covered in this report. The actual projects funded and/or the amount of funding for specific projects could be significantly different from what is reported here depending on which projects were ready to move forward and final costs.

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. These projects are listed in Part C for each county. 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.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects 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 by auxiliary revenue bonds are excluded. This report does not include transportation projects.

Allegany County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$40,659	\$41,275	\$41,582	\$42,551
Compensatory Education	21,216	21,641	21,569	22,123
Student Transportation	4,586	4,647	4,654	4,771
Special Education	7,208	7,322	7,646	7,752
Limited English Proficiency Grants	91	76	93	85
Guaranteed Tax Base	3,235	3,652	4,021	4,492
Declining Enrollment Grants	0	0	793	439
Adult Education	227	151	151	151
Aging Schools	98	0	98	98
Prekindergarten Grants	0	0	305	445
Other Education Aid	879	667	677	716
Primary and Secondary Education	\$78,199	\$79,431	\$81,590	\$83,623
Libraries	\$752	\$762	\$787	\$817
Community Colleges	6,173	6,577	6,630	6,748
Health Formula Grant	1,099	1,408	1,592	1,548
Transportation ¹	2,007	1,987	2,185	2,593
Police and Public Safety ¹	822	892	867	856
Fire and Rescue Aid ¹	300	348	334	334
Recreation and Natural Resources	242	240	411	594
Disparity Grant	7,299	7,299	7,299	7,299
Teachers Retirement Supplemental Grant	1,632	1,632	1,632	1,632
Gaming Impact Aid	1,135	1,651	2,325	2,357
Other Direct Aid	268	333	0	1,345
Total Direct Aid	\$99,928	\$102,559	\$105,654	\$109,746
Aid Per Capita (\$)	\$1,384	\$1,432	\$1,475	\$1,532
Property Tax Equivalent (\$)	2.58	2.64	2.71	2.75

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 2016 through 2019 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be \$36,287,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$61,158	\$66,691	\$69,860	\$72,229
Family Health and Chronic Disease	758	597	660	549
Developmental Disabilities	13,069	8,134	8,861	9,279
Behavioral Health Services	12,566	11,865	11,931	12,355
Total	\$87,551	\$87,287	\$91,312	\$94,412
Social Services				
Homeless Services	47	69	63	64
Women's Services	232	254	247	259
Adult Services	36	112	175	162
Child Welfare Services	4,420	4,580	3,420	3,210
Foster Care	1,845	2,266	2,276	2,291
Temporary Cash Assistance	216	404	316	135
Total	\$6,796	\$7,685	\$6,497	\$6,121
Senior Citizen Services				
Long-term Care	184	181	182	173
Community Services	98	80	103	130
Total	\$282	\$261	\$285	\$303

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

Allegany High School – construction	\$49,792,000
Braddock Middle School – renovations (roof)	1,237,000
Mt. Savage Elementary/Middle School – renovations (roof)	873,000
	\$51,902,000

Public Libraries

South Cumberland Library – renovation	\$1,520,000
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Allegany College of Maryland

Technology Building – ADA and HVAC upgrades	\$2,596,000
Technology Building – renovation	1,181,000
	\$3,777,000

African American Heritage Preservation Grant Program

Jane Gates Heritage House	\$200,000
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Community Parks and Playgrounds

Barton Little League Field	\$62,000
Constitution Park	179,000
Creekside Park Playground	174,000
Cumberland and Allegany College Softball Field	120,000
Glendening Park	33,000
	\$568,000

Chesapeake Bay Water Quality Projects

Frostburg Combined Sewer – overflow improvements	\$1,474,000
La Vale Mechanic Street Interceptor – sewer rehabilitation	650,000
Wrights Crossing Pump Station – improvements	1,000,000
	\$3,124,000

Chesapeake Bay Restoration Fund

Bedford Road – sewer rehabilitation	\$875,000
Cumberland – combined sewer overflow	27,241,000
Evitts Creek – combined sewer overflow	1,238,000
Frostburg – combined sewer overflow	3,915,000
LaVale – Sanitary Commission manhole rehabilitation	999,000
LaVale – sewer improvements	3,500,000
	\$37,768,000

Water Supply Financial Assistance Program

Pond Circle Road – water system	\$138,000
Westernport – water line	1,500,000
Willowbrook – water line replacement	188,000
	\$1,826,000

Mining Remediation Program

Matthew Run – acid mine drainage remediation	\$925,000
Upper George’s Creek – shaft restoration	500,000
Upper George’s Creek – stream sealing	323,000
Winebrenner Run – acid mine drainage remediation	252,000
	\$2,000,000

Energy-Water Infrastructure Program

LaVale Sanitary Commission Pump Station – energy improvements	\$640,000
Locust Grove Pump Station – upgrade pump/controls/HVAC	364,000
	\$1,004,000

Other Projects

Allegany County Animal Shelter	\$650,000
Allegany Museum	775,000
Camp Potomac	50,000
Canal Place – Footer Dye Works	1,150,000
Coal Miner Memorial Statue	75,000
Cumberland – Washington Street period lighting project	93,000
Cumberland Economic Development Corporation – redevelopment plan	920,000
Cumberland YMCA Youth Center	75,000
Friends Aware Facility	75,000
Frostburg Museum	250,000
Lefty Grove Statue	75,000
Western Maryland Scenic Railroad	800,000
	\$4,988,000

D. Capital Projects for State Facilities in the County

Maryland Department of Veterans Affairs

Rocky Gap Veterans Cemetery – expansion	\$80,000
Rocky Gap Veterans Cemetery – expansion (federal funds)	3,811,000
	\$3,891,000

Maryland State Police

Cumberland Barrack and Garage	\$3,210,000
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Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	\$50,000
Rocky Gap State Park – ADA walkway construction	175,000
Rocky Gap State Park – boating facilities improvements	175,000
Rocky Gap State Park – dam repairs	500,000
Rocky Gap State Park – parking lot improvements	3,205,000
	\$4,105,000

Maryland Environmental Service

Rocky Gap State Park – wastewater treatment plant improvements	\$2,161,000
Rocky Gap State Park – water treatment plant	1,800,000
Western Correctional Institution – wastewater pump station improvements	1,543,000
	\$5,504,000

University System of Maryland

Frostburg State – Education Professions and Health Sciences Center	\$5,500,000
Frostburg State – Public Safety Facility	5,105,000
	\$10,605,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$205,252	\$211,087	\$212,770	\$218,481
Compensatory Education	68,048	68,811	67,087	67,731
Student Transportation	22,801	23,300	23,828	24,531
Special Education	27,086	27,594	28,745	28,600
Limited English Proficiency Grants	10,703	11,063	12,734	14,855
Geographic Cost of Education Index	4,837	9,784	9,948	10,218
Adult Education	308	313	313	313
Aging Schools	506	0	506	506
Prekindergarten Grants	0	147	198	290
Other Education Aid	2,683	2,135	2,093	2,265
<i>Primary and Secondary Education</i>	<i>\$342,224</i>	<i>\$354,234</i>	<i>\$358,221</i>	<i>\$367,789</i>
Libraries	\$2,138	\$2,194	\$2,252	\$2,350
Community Colleges	31,308	31,001	31,069	31,031
Health Formula Grant	3,873	4,171	4,171	4,246
Transportation ¹	4,983	4,921	5,895	7,910
Police and Public Safety ¹	6,639	9,438	8,809	8,939
Fire and Rescue Aid ¹	1,103	1,242	1,247	1,247
Recreation and Natural Resources	2,580	2,549	4,373	6,453
Gaming Impact Aid	18,775	24,163	28,289	28,314
Other Direct Aid	715	82	75	75
Total Direct Aid	\$414,337	\$433,995	\$444,402	\$458,354
Aid Per Capita (\$)	\$728	\$757	\$775	\$800
Property Tax Equivalent (\$)	0.52	0.52	0.51	0.51

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 2016 through 2019 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be \$278,876,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county’s share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$202,484	\$221,697	\$233,490	\$241,422
Family Health and Chronic Disease	1,099	1,034	999	1,024
Developmental Disabilities	45,006	48,941	53,317	55,832
Behavioral Health Services	42,174	54,828	67,288	70,691
Total	\$290,763	\$326,500	\$355,094	\$368,969
Social Services				
Homeless Services	162	158	158	134
Women’s Services	343	393	341	355
Adult Services	46	96	182	229
Child Welfare Services	8,764	9,051	8,069	7,560
Foster Care	6,479	6,675	6,733	6,776
Temporary Cash Assistance	697	1,272	1,019	437
Total	\$16,491	\$17,645	\$16,502	\$15,491
Senior Citizen Services				
Long-term Care	629	648	691	655
Community Services	176	199	231	267
Total	\$805	\$847	\$922	\$922

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

Arnold Elementary School – construction	\$9,271,000
Arundel Middle School – renovations (roof)	1,690,000
Belvedere Elementary School – renovations (roof)	538,000
Benfield Elementary School – construction	1,782,000
Bodkin Elementary School – renovations (HVAC/windows)	2,614,000
Broadneck Elementary School – renovations (electrical)	103,000
Broadneck Elementary School – renovations (roof)	890,000
Broadneck High School – renovations (electrical)	205,000
Broadneck High School – renovations (HVAC)	1,124,000
Brock Ridge Elementary School – construction	1,566,000
Brooklyn Park Elementary School – renovations (electrical)	103,000
Chesapeake Bay Middle School – construction	3,977,117
Chesapeake High School – construction	3,068,000
Crofton Woods Elementary School – renovations (electrical)	103,000
Eastport Elementary School – kindergarten addition	1,060,000
Four Seasons Elementary School – renovations (electrical)	103,000
George Cromwell Elementary School – construction	4,575,982
Georgetown East Elementary School – kindergarten addition	1,287,000
Glen Burnie High School – construction	1,880,000
Glen Burnie High School – renovations (boilers)	384,000
Glen Burnie Park Elementary School – construction	3,139,000
High Point Elementary School – construction	11,389,000
Hilltop Elementary School – renovations (electrical)	77,000
J. Albert Adams Academy – renovations (HVAC/windows)	2,007,000
Jessup Elementary School – construction	13,802,000
Jones Elementary School – renovations (roof)	539,000
Lindale Middle School – renovations (boilers)	448,000
MacArthur Middle School – renovations (HVAC/windows/ceiling/lighting)	6,048,000
Magothy River Middle School – renovations (HVAC)	846,000
Manor View Elementary School – construction	6,818,000
Marley Elementary School – construction	888,000
Maryland City Elementary School – kindergarten addition	1,514,000
Maryland City Elementary School – renovations (HVAC/windows)	2,120,000
Meade Middle School – renovations (roof)	1,835,000
Millersville Elementary School – construction	1,118,000
Millersville Elementary School – renovations (HVAC/windows)	2,101,000
North Glen Elementary School – kindergarten addition	1,238,000
Odenton Elementary School – construction	1,260,000

Odenton Elementary School – kindergarten addition	1,548,000
Park Elementary School – kindergarten addition	1,654,000
Ridgeway Elementary School – renovations (roof)	733,000
Riviera Beach Elementary School – kindergarten addition	1,281,000
Severn River Middle School – renovations (HVAC)	564,000
Severna Park Elementary School – renovations (boilers)	358,000
Severna Park High School – construction	33,930,952
Shady Side Elementary School – construction	1,566,000
Shady Side Elementary School – kindergarten addition	1,109,000
Shipley’s Choice Elementary School – renovations (windows/doors)	141,000
Solley Elementary School – construction	798,000
South River High School – renovations (automatic temperature control system)	956,000
South Shore Elementary School – renovations (roof)	489,000
West Annapolis Elementary School – construction	1,401,000
West Meade Early Education Center – kindergarten addition	941,000
West Meade Early Education Center – renovations (electrical)	77,000
West Meade Early Education Center – renovations	2,293,000
Woodside Elementary School – construction	1,134,000
Woodside Elementary School – kindergarten addition	1,210,000
Woodside Elementary School – renovations (HVAC)	1,983,000
	\$147,678,051

Public Libraries

Annapolis Regional Library – construction	\$1,000,000
Broadneck Library – renovation	30,000
Odenton Library – renovation	117,000
	\$1,147,000

Anne Arundel Community College

Health Sciences and Biology Building – construction	\$9,343,000
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Local Jails and Detention Centers

County Central Holding and Processing Center – construction	\$3,835,000
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Community Health Facilities Grant Program

Main Street Housing, Inc.	\$477,000
Opportunity Ministries, Inc.	659,000
Supported Housing Developers, Inc.	329,000
The Samaritan House, Inc.	750,000
	\$2,215,000

African American Heritage Preservation Grant Program

Magothy Elementary Rosenwald School	\$100,000
Wiley H. Bates Legacy Center	100,000
	\$200,000

Community Parks and Playgrounds

Highland Beach Park	\$36,000
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Chesapeake Bay Water Quality Projects

Mayo WWTP – nutrient removal	\$1,383,000
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Chesapeake Bay Restoration Fund

Edgewater Beach – septic to sewer conversion	\$3,140,000
Piney Orchard WWTP – enhanced nutrient removal	1,830,000
	\$4,970,000

Waterway Improvement

Annapolis – citywide harbor improvements	\$149,000
Annapolis – public boating facilities improvements	149,000
Bodkin Creek – entrance channel dredging	329,000
Broadwater Creek – main channel dredging	526,575
Carrs Creek – main channel dredging	407,500
Cattail Creek – maintenance dredging	133,000
Church Creek – main channel dredging	249,850
Cockey Creek – main channel dredging	192,000
Cornfield Creek – maintenance dredging	267,750
Cox Creek – entrance channel dredging	196,250
Cypress Creek – maintenance dredging	379,000
Eli, Sloop and Long Coves – maintenance dredging	353,000
Lake Ogeleton – entrance channel dredging	329,000
Marley Creek – main channel dredging	307,375

Parker Creek – channel dredging	383,000
Parrish Creek – boat ramp and floating pier	250,000
Pocahontas Creek – dredging	155,000
Public boating facilities – countywide feasibility study	50,000
Rock Creek – main channel dredging	88,000
Snug Harbor – main channel dredging	161,500
Solley Cove Park – boat launch facility	500,000
Upper Magothy River – main channel dredging	284,625
	\$5,840,425

Hazardous Substance Cleanup Program

Lindamoore Lane – well contamination	\$100,000
Lusby Crossroads – groundwater contamination	100,000
	\$200,000

Energy–Water Infrastructure Program

Countywide – belt filter press upgrades	\$1,000,000
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Coastal Resiliency Program

Long View Community – shoreline improvements	\$140,000
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Other Projects

Annapolis – flood mitigation	\$2,000,000
Annapolis Maritime Museum and Park	125,000
Annapolis Masonic Lodge No. 89	80,000
Anne Arundel Health System, Inc.	1,090,000
Arundel Lodge	60,000
Arundel Volunteer Fire Department Community Center	125,000
Baltimore Washington Medical Center	577,000
Belvoir–Scott’s Plantation Historic Manor House	75,000
Bestgate Park	200,000
Broadneck High School – field house	510,000
Broadneck High School – stadium	1,500,000
Chesapeake Arts Center	150,000
Chesapeake High School – turf field	600,000
Chesapeake Region Accessible Boating, Inc.	75,000
Downs Park Amphitheater	175,000
Fort Meade Kuhn Hall – Resiliency and Education Center	750,000
Girl Scouts of Central Maryland – Camp Woodlands	500,000

Glen Burnie High School – field house and concession stand	2,500,000
Glen Burnie Masonic Lodge 213	150,000
Hancock’s Resolution Historic Park	500,000
Harambee House Community Outreach Center	175,000
Historic Annapolis, Inc.	3,215,000
Historic Linthicum Walks, Inc.	100,000
Hot Sox Park	700,000
James Brice House	250,000
Lake Shore Athletic Association	50,000
Light House Bistro and Culinary Training Center	310,000
Lloyd Keaser Community Center	35,000
Loopers Field	50,000
Mandrin Inpatient Care Center	100,000
Maryland Hall for the Creative Arts	5,250,000
National Cryptologic Museum	2,750,000
Pasadena Baseball Club	50,000
Samaritan House	200,000
Severn Danza Park	200,000
Southern High School – athletic facilities	20,000
St. John’s College – McDowell Hall	2,700,000
St. Philip Neri Community Hall	75,000
The Arc of the Central Chesapeake Region	975,000
The Bernie House	130,000
The Light House, Inc. – 206 West Social Enterprise Project	250,000
Tick Neck Park	200,000
William Brown House at Historic London Town	275,000
Woods Community Center	100,000
YWCA Domestic Violence and Trafficking Shelters	1,800,000
	\$31,702,000

D. Capital Projects for State Facilities in the County

General Government

Annapolis Post Office	\$12,697,000
General Assembly – Department of Legislative Services building	2,000,000
Harriet Tubman and Frederick Douglass Statues	800,000
Lawyer’s Mall – underground infrastructure and utilities	5,000,000
State House and State House Complex – historic repairs and renovations	250,000
	\$20,747,000

Department of Public Safety and Correctional Services

Dorsey Run Correctional Facility – construction	3,495,000
Jessup Region – electrical infrastructure upgrade	1,078,000
	\$4,573,000

Department of Natural Resources

Franklin Point State Park – shoreline improvements	1,620,000
Sandy Point State Park – boat ramp area improvements	200,000
Sandy Point State Park – comfort station renovation	200,000
	\$2,020,000

Maryland Environmental Service

Crownsville – water tower

Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$406,257	\$403,600	\$382,270	\$383,511
Compensatory Education	322,246	310,395	297,989	288,578
Student Transportation	19,462	19,413	19,517	19,741
Special Education	71,353	68,242	63,001	60,438
Limited English Proficiency Grants	19,447	19,958	22,118	25,178
Guaranteed Tax Base	31,420	26,158	21,693	21,243
Declining Enrollment Grants	0	0	13,553	15,962
Geographic Cost of Education Index	11,610	22,692	22,567	22,211
Adult Education	1,837	1,661	1,662	1,662
Aging Schools	1,388	0	1,388	1,388
Prekindergarten Grants	112	653	11,172	16,314
Other Education Aid	3,768	3,209	3,146	3,472
<i>Primary and Secondary Education</i>	\$888,900	\$875,982	\$860,075	\$859,699
Libraries	\$6,096	\$6,144	\$9,250	\$9,378
Health Formula Grant	8,144	8,219	8,219	8,367
Transportation	144,592	142,832	146,631	148,815
Police and Public Safety	10,455	12,726	11,851	11,851
Fire and Rescue Aid	1,228	1,369	1,364	1,364
Recreation and Natural Resources	3,814	7,786	7,422	9,778
Disparity Grant	79,052	77,105	79,052	76,013
Teachers Retirement Supplemental Grant	10,048	10,048	10,048	10,048
Gaming Impact Aid	11,789	19,438	24,780	25,087
Other Direct Aid	1,307	19,564	23,120	27,120
Total Direct Aid	\$1,165,423	\$1,181,212	\$1,181,812	\$1,187,520
Aid Per Capita (\$)	\$1,889	\$1,931	\$1,932	\$1,942
Property Tax Equivalent (\$)	3.08	2.92	2.87	2.88

2. Retirement Payments

County 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 2016 through 2019 State payments for Baltimore City for teachers and librarians are estimated to be \$272,118,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$827,483	\$882,995	\$926,408	\$957,897
Family Health and Chronic Disease	6,015	5,473	5,450	5,416
Developmental Disabilities	20,416	31,608	30,307	35,962
Behavioral Health Services	163,577	160,450	179,569	185,455
Total	\$1,017,491	\$1,080,526	\$1,141,734	\$1,184,730
Social Services				
Homeless Services	1,210	1,585	1,337	1,374
Women's Services	783	784	1,664	1,726
Adult Services	148	1,099	2,123	2,601
Child Welfare Services	63,297	61,067	62,907	55,561
Foster Care	74,406	76,662	71,553	72,016
Temporary Cash Assistance	5,111	9,069	6,790	2,914
Total	\$144,955	\$150,266	\$146,374	\$136,192
Senior Citizen Services				
Long-term Care	1,775	1,709	1,828	1,733
Community Services	884	861	826	862
Total	\$2,659	\$2,570	\$2,654	\$2,595

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

Baltimore City College High School #480 – renovations (fire safety/roof)	\$4,662,000
Baltimore City College High School #480 – renovations (pool)	240,000
Baltimore Polytechnic Institute #403 – renovations (classroom A/C units)	1,121,000
Baltimore Polytechnic Institute #403 – renovations (roof)	11,714,000
Belmont Elementary School #217 – renovations (classroom A/C units)	428,000
Benjamin Franklin Building #239 – renovations (roof)	2,178,000
Booker T. Washington Building #130 – renovations (roof)	3,743,000
Brehms Lane Elementary School #231 – renovations (classroom A/C units)	479,000
Brehms Lane Elementary School #231 – renovations (roof)	2,562,000
Callaway Elementary School #251 – renovations (fire safety)	748,000
Collington Square Elementary/Middle School #97 – renovations (fire safety)	364,000
Comm. J. Rodgers Elementary/Middle School – renovations (roof/fire safety)	1,600,000
Dallas F. Nicholas, Sr. Elementary School #39 – renovations (fire safety)	316,000
Dallas F. Nicholas, Sr. Elementary School #39 – renovations (HVAC)	528,000
Dickey Hill Elementary/Middle School – renovations (classroom A/C units)	633,000
Diggs-Johnson Building #162 – renovations (classroom A/C units)	582,000
Edgecombe Circle Elementary School #62 – renovations (classroom A/C units)	685,000
Edgewood Elementary School #67 – renovations (classroom A/C units)	445,000
Edmondson High School #400 – renovations (roof)	900,000
Edmondson High School #400 – renovations (roof/classroom A/C units)	1,620,000
Eutaw-Marshburn Elementary School – renovations (HVAC/windows/doors)	2,568,000
Fallstaff Elementary/Middle School – renovations (roof/windows/fire safety)	3,576,000
Federal Hill Preparatory School #45 – renovations (fire safety)	778,000
Federal Hill Preparatory School #45 – renovations (HVAC)	4,224,000
Federal Hill Preparatory School #45 – renovations (roof/fire safety)	2,064,000
Francis Scott Key Elementary/Middle School #76 – renovations (windows)	280,000
Franklin Square Elementary/Middle School – renovations (HVAC/windows)	1,628,000
Frederick Douglass High School #450 – renovations (classroom A/C units)	1,151,000
Furley Elementary School #206 – renovations (roof/structural)	3,501,000
Furman L. Templeton Elementary School #125 – renovations (elevator)	340,000
Garrett Heights Elementary/Middle School #212 – renovations (HVAC)	7,157,276
George Washington Elementary School #22 – renovations (elevator)	320,000
Graceland Park/O'Donnell Heights Elementary/Middle School – construction	15,258,000
Hampden Elementary/Middle School #55 – renovations (fire safety)	296,000
Hampstead Hill Academy #47 – renovations (HVAC/fire safety)	476,000
Hampstead Hill Academy #47 – renovations (roof)	859,000
Harlem Park Elementary/Middle School #35 – renovations (HVAC)	2,990,000
Hazelwood Elementary/Middle School – renovations (classroom A/C units)	496,000

Highlandtown Elementary/Middle School #215 – renovations (roof)	1,106,000
Hilton Elementary School #21 – renovations (classroom A/C units)	462,000
Holabird Elementary/Middle School #229 – construction	19,810,000
James McHenry Elementary/Middle School – renovations (roof/fire safety)	2,116,000
Lakewood Early Learning Center #86 – renovations (roof)	200,000
Lakewood Early Learning Center #86 – renovations (roof/classroom A/C units)	367,000
Liberty Elementary/Middle School #64 – renovations (fire safety)	644,000
Lockerman-Bundy Elementary School #261 – renovations (windows)	366,000
Margaret Brent Elementary/Middle School #53 – renovations (fire safety)	240,000
Mary Ann Winterling Elementary School #150 – renovations (fire safety)	812,000
Matthew A. Henson Elementary School – renovations (classroom A/C units)	514,000
Mergenthaler Voc-Tec High School – renovations (classroom A/C units)	1,947,000
Moravia Park Building #105A – renovations (roof/windows)	1,923,000
Morrell Park Elementary/Middle School #220 – renovations (fire safety)	220,000
Mt. Royal Elementary/Middle School #66 – renovations (classroom A/C units)	719,000
Mt. Washington Elementary/Middle School #221 – renovations (fire safety)	1,400,000
North Bend Elementary/Middle School #81 – renovations (HVAC/fire safety)	600,000
Reginald F. Lewis High School #419 – renovations (classroom A/C units)	347,000
Roland Park Elementary/Middle School #233 – renovations (HVAC)	8,752,000
Rosemont Elementary/Middle School #63 – renovations (roof/fire safety)	1,156,000
Samuel Coleridge-Taylor Elementary School #122 – renovations (fire)	1,653,000
Samuel Coleridge-Taylor Elementary School #122 – renovations (HVAC)	9,781,000
Tench Tilghman Elementary/Middle School #13 – renovations (fire safety)	588,000
T. Jefferson Elementary/Middle School – renovations (classroom A/C units)	496,000
Thomas Johnson Elementary/Middle School #44 – renovations (fire safety)	312,000
Western High School #407 – renovations (elevator/roof)	3,813,000
Western High School #407 – renovations (pool/classroom A/C units)	1,976,000
Western High School #407 – renovations (roof)	4,143,000
Western High School #407 – renovations (roof/pool)	3,023,000
William Paca Elementary School #83 – renovations (fire safety)	324,000
William S. Baer School #301 – renovations (elevator)	280,000
William S. Baer School #301 – renovations (HVAC)	7,491,000
Windsor Hills Elementary/Middle School – renovations (classroom A/C units)	360,000
Windsor Hills Elementary/Middle School #87 – renovations (elevator)	208,000
Windsor Hills Elementary/Middle School #87 – renovations (windows)	825,000
Woodhome Elementary/Middle School #205 – renovations (fire safety/alarm)	320,000
Woodhome Elementary/Middle School #205 – renovations (roof)	1,822,000
Yorkwood Elementary School #219 – renovations (fire safety)	700,000
Systemwide – renovations (HVAC)	15,000,000
	\$180,326,276

Public Libraries

Hampden Branch Library – renovation	\$1,000,000
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Community Health Facilities Grant Program

Aids Interfaith Residential Services/Empire Homes of Maryland, Inc.	\$478,000
Comprehensive Housing Assistance, Inc.	634,000
Marian House	750,000
People Encouraging People, Inc.	2,768,000
Project PLASE, Inc.	812,000
Tuerk House, Inc.	1,700,000
	\$7,142,000

Federally Qualified Health Centers Grant Program

Total Health Care, Inc.	\$1,426,000
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Senior Center Capital Grant Program

Harford Road Senior Center	\$500,000
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Shelter and Transitional Housing Facilities

Blessed Sacrament Supportive Housing	\$999,545
Gaudenzia Park Heights	925,000
	\$1,924,545

Strategic Demolition Fund

Project C.O.R.E.	\$65,125,000
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African American Heritage Preservation Grant Program

Bethel Community Empowerment and Wellness Center	\$100,000
Ebenezer A.M.E. Church and Parish House	200,000
Morgan State University – Carnegie Hall/Memorial Chapel/Holmes Hall	100,000
	\$400,000

Program Open Space

Eager Park	\$4,000,000
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Community Parks and Playgrounds

Citywide – playground surfacing improvements	\$115,000
Clifton Park Playground	190,000
Collington Square Park	180,000
Vincent Street Playground	180,000
Violetville Park Playground	177,000
	\$842,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	\$83,440,000
High Level Sewershed – improvements	233,000
	\$83,673,000

Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	\$80,000,000
Gwynns Falls Sewershed – improvements	14,175,000
Herring Run Sewershed – improvements	30,511,000
High Level Sewershed – improvements	10,602,000
Low Level Sewershed – improvements	12,567,000
North East Baltimore – sewer improvements	13,309,000
Patapsco Sewershed – improvements	19,870,000
South West Baltimore – sewer improvements	13,388,000
	\$194,422,000

Water Supply Financial Assistance Program

Fullerton – water reservoir	\$1,500,000
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Waterway Improvement

Canton Waterfront Park – parking lot improvements	\$99,000
City Fire Department – purchase fire/rescue boat	55,000
Downtown Sailing Center – improvements	199,000
Harbor East Marina – dredging, replace slips, docks, utilities, and fire protection	900,000
Middle Branch Park – pier, parking lot, and ADA access improvements	99,000
	\$1,352,000

Hazardous Substance Cleanup Program

1600 Harford Avenue – hazardous waste remediation	\$300,000
Chemical Metals, Inc. – hazardous waste remediation	150,000
Chemical Metals, Inc. – indoor air and water quality improvements	150,000
	\$600,000

Energy-Water Infrastructure Program

Back River WWTP – combined heat and power system installation	\$3,000,000
Montebello Filtration Plant – LED lighting	1,000,000
	\$4,000,000

Other Projects

40 West Assistance and Referral Center	\$125,000
A Step Forward, Inc. – multifamily low-income housing project	75,000
Alpha Phi Alpha Fraternity – Corporate Headquarters	50,000
American Visionary Art Museum	250,000
Associated Jewish Charities of Baltimore – elder abuse shelter and office	50,000
Babe Ruth Birthplace Museum	50,000
Baltimore – Cherry Hill recreation center	400,000
Baltimore Arts Realty Corporation – Open Works Center for Advanced	500,000
Baltimore Food Hub	1,050,000
Baltimore Metropolitan Council	250,000
Baltimore Museum of Art	5,000,000
Baltimore Museum of Industry	425,000
Baltimore Police Mounted Unit – stables	250,000
Baltimore Regional Employment and Education Center	1,182,500
Baltimore Zoo – infrastructure improvements	16,500,000
Banner Neighborhoods Community Center	75,000
BARCO Open Works Project	800,000
BARCO Playhouse Theater	250,000
Behavioral Health System – Stabilization Center	3,600,000
Berean Child Care Center	160,000
Blessed Sacrament Supportive Housing	75,000
Bnos Yisroel of Baltimore School	250,000
Bon Secours Youth Development Center	1,300,000
Bromo Tower Arts and Entertainment, Inc. – Pratt Street/Howard Street Plaza	350,000
Carmel Community Reaching Out Center	90,000
Center Stage	6,000,000
Cherry Hill Early Head Start	50,000
Chesapeake Shakespeare Company	100,000
Clarence H. “Du” Burns Memorial	200,000

Clifton Park	500,000
Community Empowerment and Wellness Center	275,000
Community Housing Partners Corp. – J. Van Story Branch Building	250,000
Creative Alliance	400,000
Cross Street Market	200,000
Cylburn Arboretum Carriage House and Nature Museum	350,000
Darley Park Community Park	50,000
Doctor Christina Phillips Community Center	150,000
Downtown Cultural Art Center	100,000
Downtown Partnership – McKeldin Plaza	1,500,000
Druid Hill Park at Auchentoroly Terrace	50,000
East Baltimore Biotechnology Park	7,500,000
Economic Empowerment Community Center	100,000
EMAGE Center	125,000
Federal Hill – streetscape improvements	250,000
Frank C. Bocek Park	300,000
Fred B. Leidig Recreation Center	400,000
Garrett-Jacobs Mansion	300,000
Get Involved Community Center	50,000
Girl Scouts of Central Maryland Urban Program and STEM Center	250,000
Govans Ecumenical Development Corporation – Epiphany House	100,000
Govans Ecumenical Development Corporation – Harford House	225,000
Govans Ecumenical Development Corporation – Stadium Place	500,000
Habitat for Humanity of the Chesapeake	250,000
Hampden Family Center	100,000
HARBEL Community Building	100,000
Harbor Point – parks and infrastructure	250,000
Harford Road Assisted Living and Medical Adult Day Care Center	250,000
Harvey Johnson Community Center	200,000
Health Care for the Homeless Dental Clinic	17,500
Helping Up Mission	500,000
Hippodrome Foundation, Inc. – France-Merrick Performing Arts Center	2,000,000
Historic Diamond Press Building	100,000
Hoen Lithograph Building	1,000,000
Hollins Market	250,000
In For Of, Inc.	50,000
International Black Fire Fighters Museum	250,000
James Mosher Baseball League – field enhancement	45,000
Johns Hopkins University – Bloomberg School of Public Health	3,200,000
Johns Hopkins University – Macaulay Hall	4,000,000
Johns Hopkins University – Maryland Center for Cell Therapy Manufacturing	5,000,000

Johns Hopkins University – Pinkard Building	4,000,000
Kappa Alpha Psi Youth and Community Center	102,000
Kennedy Krieger Institute	5,750,000
Langston Hughes Community, Business and Resource Center	250,000
Leadenhall Community Outreach Center	500,000
League for People with Disabilities, Inc.	100,000
Lexington Market	2,850,000
Liberty Elementary Early Childhood Center	45,000
Liberty Ship S.S. John W. Brown	50,000
Loyola University – Center for Innovation and Collaborative Learning	4,000,000
Manna House	50,000
ManneqART Facility	50,000
Maryland Art Place	125,000
Maryland Center for Veterans Education and Training	200,000
Maryland Institute College of Art – Academic Building	4,000,000
Maryland School for the Blind	37,992,437
Maryland Science Center	890,000
Maryland State Boychoir, Inc.	125,000
Meals on Wheels	125,000
MedStar Good Samaritan Hospital	1,000,000
Men and Families Center	250,000
Mercy Medical Center, Inc.	1,900,000
Morrell Park	300,000
Most Worshipful Prince Hall Grand Lodge	100,000
Moveable Feast	175,000
Mt. Washington Pediatric Hospital	750,000
National Aquarium in Baltimore	2,000,000
National Great Blacks in Wax Museum	200,000
New City of Hope Community Center	100,000
Niarchos Parkway Film Center	2,000,000
North Avenue Gateway	25,000
Northwood Commons	2,000,000
Notre Dame of Maryland University – Gibbons Hall	3,200,000
Orchard Street Church	25,000
Orianda Mansion	200,000
Paul’s Place	35,000
Peale Museum	400,000
Pigtown Main Street, Inc. – facade restoration	25,000
Port Discovery Children’s Museum	1,750,000
Progressive Education Center	125,000
Rash Field	1,000,000

Restoration Gardens – youth supportive housing facility	200,000
Roberta’s House	2,250,000
Ronald McDonald House	1,500,000
Sarah’s Hope	25,000
Scottish Rite Temple	150,000
Shake and Bake Family Fun Center	20,000
Sinai Hospital	6,000,000
St. Elizabeth School	175,000
St. Francis Neighborhood Center	155,000
St. James’ Terrace Apartments, Inc. – Sellers Mansion	250,000
Stadium Square	500,000
The Compound	250,000
TuTTie’s Place	40,000
Ulman Cancer Fund Home for Young Adult Cancer Patients and Caregivers	200,000
United Efforts, Inc. – Youth Violence Prevention Center	30,000
University of Maryland Medical Center – Midtown Campus	1,327,000
University of Maryland Rehabilitation and Orthopedic Institute	150,000
Village Learning Place	100,000
Walters Art Museum	1,000,000
West Arlington Water Tower	250,000
Westport Community Land Trust	25,000
Woodbourne Center	655,000
	\$164,961,437

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

Baltimore City District Court – Shillman Building	\$985,000
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Department of Juvenile Services

Baltimore City Juvenile Justice Center – expansion	\$758,000
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Department of Public Safety and Correctional Services

Baltimore City Detention Center – demolition	\$7,180,000
Youth Detention Center	25,277,000
	\$32,457,000

Maryland State Library Agency

State Library Resource Center – renovation	\$80,119,000
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Baltimore City Community College

Liberty Campus – improve and expand roadway and parking lots	\$613,000
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Morgan State University

Campuswide – utility upgrades	\$4,613,000
Health and Human Services Building	461,000
Jenkins Behavioral and Social Sciences Center	68,812,000
Student Services Support Building	59,015,000
	\$132,901,000

University System of Maryland

Baltimore – electric substation and electrical infrastructure	\$15,454,000
Baltimore – Health Sciences Research Facility	166,150,000
Baltimore – Maryland Center for Advanced Molecular Analysis	2,500,000
Coppin State – Percy Julian Building	2,970,000
University of Baltimore – Langsdale Library renovation	13,050,000
	\$200,124,000

Other

University of Maryland Medical System – cancer/organ transplant center	\$2,500,000
University of Maryland Medical System – neonatal intensive care unit	30,000,000
University of Maryland Medical System – shock trauma center	14,350,000
	\$46,850,000

Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$374,559	\$382,871	\$394,059	\$405,336
Compensatory Education	144,159	146,226	146,943	148,756
Student Transportation	29,834	30,501	31,453	32,181
Special Education	51,079	54,977	55,630	56,086
Limited English Proficiency Grants	14,386	14,895	19,213	24,270
Geographic Cost of Education Index	2,946	5,967	6,066	6,180
Adult Education	518	536	537	537
Aging Schools	874	0	874	874
Prekindergarten Grants	589	147	787	1,149
Other Education Aid	4,472	3,659	3,539	3,656
<i>Primary and Secondary Education</i>	<i>\$623,416</i>	<i>\$639,779</i>	<i>\$659,101</i>	<i>\$679,023</i>
Libraries	\$5,545	\$5,687	\$5,971	\$6,210
Community Colleges	41,335	43,373	43,584	43,763
Health Formula Grant	5,367	5,421	5,421	5,519
Transportation	5,175	5,117	6,450	8,998
Police and Public Safety	12,486	13,452	12,763	12,782
Fire and Rescue Aid	1,549	1,732	1,725	1,725
Recreation and Natural Resources	2,919	2,884	4,947	7,264
Teachers Retirement Supplemental Grant	3,000	3,000	3,000	3,000
Other Direct Aid	209	18	0	0
Total Direct Aid	\$701,001	\$720,464	\$742,962	\$768,285
Aid Per Capita (\$)	\$843	\$865	\$892	\$923
Property Tax Equivalent (\$)	0.88	0.88	0.88	0.88

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 2016 through 2019 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be \$383,825,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$460,445	\$511,293	\$527,059	\$544,970
Family Health and Chronic Disease	1,807	1,815	1,821	1,819
Developmental Disabilities	139,354	128,435	139,901	146,388
Behavioral Health Services	71,435	75,777	88,772	92,246
Total	\$673,041	\$717,320	\$757,553	\$785,423
Social Services				
Homeless Services	266	196	256	262
Women's Services	828	866	723	760
Adult Services	424	403	664	802
Child Welfare Services	12,784	14,092	12,807	10,485
Foster Care	22,265	23,582	23,826	23,980
Temporary Cash Assistance	1,436	2,569	1,992	855
Total	\$38,003	\$41,708	\$40,268	\$37,144
Senior Citizen Services				
Long-term Care	1,384	1,380	1,468	1,396
Community Services	418	305	319	358
Total	\$1,802	\$1,685	\$1,787	\$1,754

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

Arbutus Middle School – renovations (air conditioning)	\$2,185,000
Baltimore Highlands Elementary School – renovations (air conditioning)	2,265,000
Battle Grove Elementary School – renovations (air conditioning)	2,585,000
Battle Grove Elementary School – renovations (boiler)	402,000
Bear Creek Elementary School – renovations (air conditioning)	2,532,000
Carney Elementary School – renovations (air conditioning)	1,945,000
Catonsville Elementary School – construction	9,818,000
Chapel Hill Elementary School – renovations (air conditioning)	2,558,000
Charlesmont Elementary School – renovations (air conditioning)	2,025,000
Chase Elementary School – renovations (air conditioning)	1,679,000
Church Lane Elementary School – renovations (air conditioning)	2,025,000
Dumbarton Middle School – construction	10,189,000
Edmondson Heights Elementary School – renovations (air conditioning)	2,265,000
Featherbed Lane Elementary School – renovations (boiler)	402,000
Franklin High School – renovations (air conditioning)	6,023,000
Franklin Middle School – renovations (air conditioning)	5,383,000
Golden Ring Middle School – renovations (air conditioning)	3,918,000
Grange Elementary School – renovations (air conditioning)	1,999,000
Halstead Academy – renovations (air conditioning)	1,791,000
Joppa View Elementary School – renovations (air conditioning)	1,599,000
Kenwood High School – renovations (air conditioning)	9,061,000
Kingsville Elementary School – renovations (air conditioning)	1,999,000
Lansdowne Elementary School – construction	14,992,000
McCormick Elementary School – renovations (chiller)	517,000
Middle River Middle School – renovations (air conditioning)	4,182,015
Northeast Area at Joppa Road Elementary School – construction	10,149,569
Oakleigh Elementary School – renovations (air conditioning)	1,732,000
Orems Elementary School – renovations (air conditioning)	2,025,000
Orems Elementary School – renovations (roof)	746,000
Owings Mills Elementary School – renovations (chiller)	488,000
Padonia International Elementary School – construction	2,539,000
Patapsco High School and Center for the Arts – construction	11,917,758
Pleasant Plains Elementary School – renovations (air conditioning)	2,132,000
Pot Spring Elementary School – renovations (air conditioning)	1,977,000
Reisterstown Elementary School – renovations (air conditioning)	2,025,000
Relay Elementary School – construction	11,132,000
Seven Oaks Elementary School – renovations (boilers)	168,000
Southwest Academy – renovations (air conditioning)	2,825,000

Stemmers Run Middle School – renovations (air conditioning)	5,383,000
Victory Villa Elementary School – construction	11,658,466
Villa Cresta Elementary School – renovations (air conditioning)	1,716,000
Westchester Elementary School – construction	608,000
Westowne Elementary School – construction	11,272,000
White Oak Elementary School – renovations (boilers)	168,000
	\$175,000,808

Public Libraries

Randallstown Library – renovation	\$170,000
Reisterstown Library – renovation	1,050,000
	\$1,220,000

Community College of Baltimore County

Catonsville – Hilton Mansion rehabilitation	\$3,000,000
Catonsville – medium voltage switchgear replacement	2,009,000
Catonsville – Wellness and Athletics Center dome roof replacement	600,000
Essex – Health Careers and Technology Building renovation and expansion	12,035,000
Essex – Wellness and Athletics Center addition	230,000
Systemwide – roof replacements	350,000
	\$18,224,000

Community Health Facilities Grant Program

Key Point Health Services, Inc.	\$675,000
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Senior Center Capital Grant Program

Ateaze and Overlea Senior Centers	\$131,000
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African American Heritage Preservation Grant Program

Mt. Gilboa A.M.E. Church	\$72,000
Piney Grove United Methodist Church and School House	100,000
	\$172,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	\$83,440,000
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Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	\$80,000,000
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Water Supply Financial Assistance Program

Fullerton – water reservoir	\$1,500,000
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Waterway Improvement

Arbutus Volunteer Fire Department – purchase fire/rescue boat and equipment	\$5,000
Bird River and Railroad Creek – main channel dredging	1,785,000
Bowleys Quarters Volunteer Fire Department – purchase fire/rescue boat	50,000
County Fire Department – purchase rescue boat and equipment	10,000
Kingsville Volunteer Fire Department – purchase fire/rescue boat and equipment	5,000
Merritt Point Park – boat launch rehabilitation	99,500
Middle River Volunteer Fire and Rescue Company – purchase fire/rescue	45,000
	\$1,999,500

Energy-Water Infrastructure Program

Back River WWTP – combined heat and power system installation	\$3,000,000
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Other Projects

Angel Park	\$200,000
Arbutus Volunteer Fire Department	130,000
Bais Yaakov Middle School	100,000
Baltimore County – Frederick Road improvements	250,000
Baltimore County – highway and street infrastructure improvements	1,000,000
Baltimore County – MD 30 and Mount Gilead Road improvements	1,400,000
Baltimore County – sound walls	300,000
Baltimore County – streetscaping	5,000,000
Baltimore County Humane Society	165,000
Camp Puh'tok	100,000
Community College of Baltimore County – Catonsville artificial turf field	250,000
Cromwell Valley Park – Limekilns and Log House	100,000
Deer Park Middle School – infrastructure improvements	80,000
Desert Storm, Operation Enduring Freedom, and Operation Iraqi Freedom	50,000
Double Rock Park	250,000
Dulaney High School – athletic fields	150,000
Eastern Family Resource Center	1,500,000
Franklin High School – infrastructure improvements	1,450,000
Gilead House	65,000
Good Shepherd School	200,000
Goucher College – Maryland Equine Education Center	250,000
Goucher College – Science Building	4,000,000
Greenspring Montessori School	75,000
Hatzalah of Baltimore	125,000

HopeWell Cancer Support Center	100,000
Irvine Nature Center	150,000
Jewish Community Center of Baltimore – Gordon Center	100,000
Jewish Teen Advancement Program, Inc.	100,000
Lake Roland Education Center	200,000
Lansdowne Volunteer Fire Department	100,000
Liberty Community Development Youth Center	250,000
Lutherville Volunteer Fire Company	125,000
Maryland Council for Special Equestrians, Inc.	120,000
Maryland State Fairgrounds	1,500,000
Mayes-Burton Barn at Hereford High School	100,000
MedStar Franklin Square Hospital	8,877,000
Milford Mill High School – athletic facilities	450,000
Morning Star Family Life Center	500,000
National Center on Institutions and Alternatives	1,000,000
Natural History Society of Maryland	390,000
Ner Israel Rabbinical College	190,000
New Town High School – stadium	175,000
Penn-Mar Human Services Day Learning Center	200,000
Perry Hall High School – stadium turf field	150,000
Phoenix Wildlife Center	100,000
Pikesville Volunteer Fire Company	250,000
Project Genesis: New Beginnings, Inc. Community Center	200,000
Radebaugh Park	175,000
Randallstown High School – infrastructure improvements	1,050,000
Reisterstown Community Cemetery	25,000
St. Luke’s United Methodist Church Fellowship Hall	200,000
Stella Maris Transitional Care Center	250,000
Stevenson University – Rosewood environmental abatement	10,000,000
The Glenn L. Martin Maryland Aviation Museum	50,000
The Jemicy School, Inc.	150,000
The Talmudical Academy of Baltimore, Inc.	250,000
Towson High School – stadium bleachers	30,000
Towson Manor Park	30,000
University of Maryland St. Joseph Medical Center	1,420,000
Vehicles for Change, Inc. – Full Circle Auto Repair Training Center	250,000
Wayside Cross Project	25,000
White Marsh Volunteer Fire Company	225,000
Windsor Mill Community Outreach Center	100,000
Worthington Valley – roundabout	400,000
	\$47,147,000

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

Catonsville District Court	\$59,400,000
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Maryland Department of Veterans Affairs

Garrison Forest Veterans Cemetery – expansion	\$820,000
Garrison Forest Veterans Cemetery – expansion (federal funds)	7,720,000
	\$8,540,000

Department of Health

Rosewood – environmental abatement	\$700,000
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Maryland State Police

Flight Training Facility	\$2,100,000
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Maryland Military Department

Camp Fretterd Military Reservation – access control complex (federal funds)	\$2,530,000
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Department of Natural Resources

Gunpowder Falls State Park – Dundee Creek Marina	\$325,000
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Maryland Environmental Service

Camp Fretterd – water/wastewater/distribution systems upgrades	\$2,801,000
Woodstock – wastewater treatment plant upgrades	572,000
	\$3,373,000

University System of Maryland

Baltimore County – campuswide utility upgrades	\$1,360,000
Baltimore County – Interdisciplinary Life Sciences Building	116,688,000
Baltimore County – stadium and athletic facility improvements	4,000,000
Towson University – athletic fields	3,000,000
Towson University – practice field improvements	300,000
Towson University – Science Facility	92,894,000
	\$218,242,000

Other

Maryland Public Television – Studio “A” renovation and addition

\$790,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$56,384	\$58,489	\$57,676	\$58,362
Compensatory Education	10,488	10,369	9,899	8,990
Student Transportation	5,690	5,736	5,815	5,875
Special Education	4,519	4,776	4,895	4,902
Limited English Proficiency Grants	451	471	393	492
Declining Enrollment Grants	0	0	240	363
Geographic Cost of Education Index	1,139	2,277	2,284	2,290
Adult Education	277	424	425	425
Aging Schools	38	0	38	38
Other Education Aid	906	698	717	750
Primary and Secondary Education	\$79,891	\$83,240	\$82,382	\$82,487
Libraries	\$410	\$425	\$450	\$482
Community Colleges	2,572	2,662	2,680	2,826
Health Formula Grant	489	603	642	638
Transportation ¹	1,269	1,263	1,480	1,915
Police and Public Safety ¹	740	987	791	798
Fire and Rescue Aid ¹	268	300	300	300
Recreation and Natural Resources	256	253	433	645
Other Direct Aid	2,008	2,159	2,032	2,582
Total Direct Aid	\$87,902	\$91,891	\$91,189	\$92,673
Aid Per Capita (\$)	\$965	\$1,004	\$997	\$1,013
Property Tax Equivalent (\$)	0.71	0.73	0.71	0.71

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 2016 through 2019 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be \$58,351,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$32,185	\$35,410	\$37,032	\$38,203
Family Health and Chronic Disease	537	513	482	469
Developmental Disabilities	4,111	7,157	7,797	8,164
Behavioral Health Services	5,522	5,790	7,179	7,408
Total	\$42,355	\$48,870	\$52,490	\$54,244
Social Services				
Homeless Services	29	26	27	28
Women's Services	256	256	104	108
Adult Services	20	50	80	75
Child Welfare Services	1,968	2,046	1,405	1,409
Foster Care	2,445	2,512	2,402	2,418
Temporary Cash Assistance	64	101	75	32
Total	\$4,782	\$4,991	\$4,093	\$4,070
Senior Citizen Services				
Long-term Care	119	118	118	112
Community Services	28	25	25	25
Total	\$147	\$143	\$143	\$137

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

Northern High School – construction	\$35,351,000
Patuxent High School – renovations (chillers)	450,500
	\$35,801,500

College of Southern Maryland

Campuswide – technology infrastructure upgrades	\$4,243,000
Hughesville – Health Sciences Center	10,633,000
	\$14,876,000

Local Jails and Detention Centers

County Detention Center – classroom addition	\$500,000
County Detention Center – site and security improvements	508,000
	\$1,008,000

African American Heritage Preservation Grant Program

Kings Landing Park/Camp Mohawk	\$73,000
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Community Parks and Playgrounds

Callis Park	\$80,000
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Chesapeake Bay Water Quality Projects

Solomons WWTP – nutrient removal	\$250,000
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Chesapeake Bay Restoration Fund

Solomons WWTP – enhanced nutrient removal	\$4,000,000
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Waterway Improvement

Calvert Marine Museum – pier and bulkhead replacement	\$75,000
County Fire/Emergency Medical Services – purchase inflatable fire/rescue boat	10,000
North Beach – pier dredging	232,750
North Beach Volunteer Fire Department – purchase fire/rescue boat	100,000
	\$417,750

Energy-Water Infrastructure Program

Chesapeake Heights/Dares Beach – pump replacement	\$83,000
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Other Projects

Calvert Memorial Hospital	\$1,727,000
Calvert Soccer Association, Inc.	100,000
East-John Youth Center	50,000
End Hunger In Calvert County, Inc.	50,000
North Beach – flood mitigation project	50,000
North Beach Volunteer Fire Department	100,000
	\$2,077,000

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

Hallowing Point State Park – boating facility improvements	\$210,000
Jefferson Patterson Park and Museum – pier replacement	99,000
Southern Maryland Multi-Purpose Center	205,000
	\$514,000

Maryland Department of Planning

Jefferson Patterson Park and Museum – Patterson Center	\$4,214,000
Jefferson Patterson Park and Museum – St. Leonard’s Creek	3,352,000
	\$7,566,000

University System of Maryland

Center for Environmental Science – Environmental Sustainability Research	\$4,531,000
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Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$27,283	\$27,926	\$29,000	\$30,009
Compensatory Education	14,088	14,519	15,177	15,323
Student Transportation	2,635	2,653	2,701	2,753
Special Education	2,557	2,696	2,803	2,842
Limited English Proficiency Grants	1,825	2,115	2,109	2,462
Guaranteed Tax Base	908	1,240	1,576	1,741
Aging Schools	50	0	50	50
Prekindergarten Grants	330	330	594	868
Other Education Aid	880	792	781	825
<i>Primary and Secondary Education</i>	<i>\$50,557</i>	<i>\$52,271</i>	<i>\$54,791</i>	<i>\$56,873</i>
Libraries	\$278	\$286	\$300	\$317
Community Colleges	1,682	1,582	1,577	1,680
Health Formula Grant	620	726	818	796
Transportation ¹	941	929	1,078	1,377
Police and Public Safety ¹	328	360	341	336
Fire and Rescue Aid ¹	276	310	313	313
Recreation and Natural Resources	114	112	192	280
Disparity Grant	2,132	2,132	2,132	2,132
Teachers Retirement Supplemental Grant	685	685	685	685
Other Direct Aid	74	252	0	0
Total Direct Aid	\$57,687	\$59,643	\$62,227	\$64,788
Aid Per Capita (\$)	\$1,754	\$1,797	\$1,875	\$1,952
Property Tax Equivalent (\$)	2.22	2.30	2.39	2.45

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 2016 through 2019 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be \$19,329,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$26,476	\$28,102	\$29,330	\$30,322
Family Health and Chronic Disease	521	497	512	508
Developmental Disabilities	5,137	8,190	8,922	9,343
Behavioral Health Services	4,378	4,403	6,617	6,806
Total	\$36,512	\$41,192	\$45,381	\$46,979
Social Services				
Homeless Services	0	36	71	72
Women's Services	19	21	20	22
Adult Services	18	39	84	99
Child Welfare Services	1,811	1,982	1,356	1,292
Foster Care	1,035	1,095	1,011	1,018
Temporary Cash Assistance	75	142	111	48
Total	\$2,958	\$3,315	\$2,653	\$2,551
Senior Citizen Services				
Long-term Care	350	351	351	331
Community Services	112	111	97	98
Total	\$462	\$462	\$448	\$429

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

C. Selected State Grants for Capital Projects

Public Schools

Colonel Richardson High School – renovations (roof)	\$1,646,000
Lockerman Middle School – renovations (roof)	423,000
Preston Elementary School – construction	2,938,000
	\$5,007,000

Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	\$646,000
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Federally Qualified Health Centers Grant Program

Choptank Community Health System, Inc.	\$441,000
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African American Heritage Preservation Grant Program

Denton Colored School	\$100,000
Laurel Grove Road School	194,000
St. Paul Church	8,000
	\$302,000

Community Parks and Playgrounds

Federalsburg – canoe and kayak floating pier	\$26,000
Goldsboro Community Park	170,000
James T. Wright Park	123,000
Marydel Community Park	193,000
Sharp Road Community Park	198,000
	\$710,000

Chesapeake Bay Water Quality Projects

Preston WWTP – nutrient removal	\$250,000
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Chesapeake Bay Restoration Fund

Preston WWTP – enhanced nutrient removal	\$1,943,000
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Water Supply Financial Assistance Program

Denton – water main replacement	\$810,000
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Waterway Improvement

Choptank Marina – boat ramp and marina renovations	\$98,000
Choptank Marina – service pier improvements	195,000
Crouse Park – floating dock installation	95,825
Federalsburg – channel dredging	161,250
	\$550,075

Other Projects

Benedictine School	\$300,000
Denton – Sharp Road Community Park	100,000
	\$400,000

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

Martinak State Park – bulkhead replacement and parking area resurfacing	\$150,000
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Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$93,925	\$96,785	\$91,804	\$93,046
Compensatory Education	14,568	14,460	14,379	14,273
Student Transportation	9,658	9,779	9,864	10,014
Special Education	10,238	10,557	10,640	10,598
Limited English Proficiency Grants	859	907	966	1,093
Declining Enrollment Grants	0	0	1,606	263
Geographic Cost of Education Index	1,242	2,453	2,441	2,466
Adult Education	152	153	153	153
Aging Schools	137	0	137	137
Prekindergarten Grants	111	147	312	456
Other Education Aid	729	620	740	658
<i>Primary and Secondary Education</i>	<i>\$131,619</i>	<i>\$135,860</i>	<i>\$133,042</i>	<i>\$133,158</i>
Libraries	\$929	\$956	\$995	\$1,032
Community Colleges	8,502	8,621	8,666	9,107
Health Formula Grant	1,468	1,667	1,707	1,722
Transportation ¹	2,944	3,000	3,392	4,242
Police and Public Safety ¹	1,506	1,676	1,594	1,585
Fire and Rescue Aid ¹	347	389	388	388
Recreation and Natural Resources	579	572	982	1,443
Other Direct Aid	17	8	0	0
Total Direct Aid	\$147,910	\$152,750	\$150,765	\$152,677
Aid Per Capita (\$)	\$885	\$910	\$899	\$910
Property Tax Equivalent (\$)	0.79	0.80	0.77	0.76

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 2016 through 2019 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be \$85,978,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$62,436	\$66,321	\$69,723	\$72,102
Family Health and Chronic Disease	715	659	527	529
Developmental Disabilities	12,580	14,373	15,658	16,397
Behavioral Health Services	12,244	12,022	14,171	14,644
Total	\$87,975	\$93,375	\$100,079	\$103,672
Social Services				
Homeless Services	60	61	60	61
Women's Services	158	158	158	162
Adult Services	21	39	71	64
Child Welfare Services	2,767	2,900	2,524	2,076
Foster Care	2,114	2,246	2,124	2,138
Temporary Cash Assistance	107	183	138	59
Total	\$5,227	\$5,587	\$5,075	\$4,560
Senior Citizen Services				
Long-term Care	250	244	247	235
Community Services	88	81	105	142
Total	\$338	\$325	\$352	\$377

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

Career and Technology Center – renovations (roof)	\$1,369,000
Carrolltowne Elementary School – renovations (roof)	833,000
Elmer Wolfe Elementary School – renovations (roof)	969,000
Francis Scott Key High School – renovations (roof)	1,974,000
Friendship Valley Elementary School – renovations (roof)	847,000
Liberty High School – science facilities	813,000
Linton Springs Elementary School – renovations (roof)	836,746
Piney Ridge Elementary School – renovations (roof)	597,000
Robert Moton Elementary School – renovations (roof)	1,039,000
Runnymede Elementary School – renovations (roof)	1,012,000
Sandymount Elementary School – renovations (HVAC/roof)	3,558,000
South Carroll High School – renovations (roof)	2,142,000
South Carroll High School – science facilities	465,000
Westminster Elementary School – renovations (roof)	907,000
Westminster High School – renovations (electrical)	1,180,000
Westminster High School – renovations (roof)	1,997,000
	\$20,538,746

Public Libraries

Westminster Library – renovation	\$1,187,000
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Carroll Community College

Campuswide – systemic renovations	\$2,753,000
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Community Health Facilities Grant Program

Access Carroll, Inc.	\$378,000
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Senior Center Capital Grant Program

Taneytown Senior Center	\$146,000
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African American Heritage Preservation Grant Program

Sykesville Colored School	\$15,000
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Community Parks and Playgrounds

Hampstead Municipal Park	\$59,000
Hampstead Panther Park	48,000
Watkins Park Tennis Court	6,000
	\$113,000

Chesapeake Bay Water Quality Projects

Hampstead WWTP – nutrient removal	\$2,592,000
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Energy-Water Infrastructure Program

Westminster WWTP – geothermal system upgrade	\$1,166,000
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Other Projects

Boys and Girls Club of Westminster	\$230,000
Carroll County Public Safety Training Center	1,650,000
Carroll County Veterans Independence Project	100,000
Carroll Hospital Center	524,000
Gamber and Community Fire Company	25,000
McDaniel College – Gill Physical Education Learning Center	3,000,000
Mt. Airy Caboose and Visitor Center Pavilion	25,000
Sykesville Freedom District Fire Department	50,000
The Arc of Carroll County	250,000
Union Mills Homestead	100,000
Westminster Rescue Mission	250,000
	\$6,204,000

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

Female Detention Center – construction	\$6,693,000
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Maryland Military Department

Freedom Readiness Center	\$10,942,000
Freedom Readiness Center (federal funds)	21,171,000
	\$32,113,000

Department of Natural Resources

Patapsco Valley State Park – trail bridge \$700,000

Maryland Environmental Service

Freedom District WWTP – improvements \$1,131,000

Juvenile Services Female Detention Center – water and sewer utilities 2,838,000

\$3,969,000

Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$63,517	\$66,057	\$66,777	\$67,468
Compensatory Education	22,052	24,256	24,229	23,229
Student Transportation	5,062	5,192	5,226	5,292
Special Education	7,746	8,096	8,313	8,093
Limited English Proficiency Grants	716	881	949	1,123
Guaranteed Tax Base	100	912	1,293	679
Declining Enrollment Grants	0	0	190	1,181
Adult Education	101	271	272	272
Aging Schools	96	0	96	96
Other Education Aid	1,007	721	811	841
Primary and Secondary Education	\$100,396	\$106,387	\$108,156	\$108,273
Libraries	\$740	\$763	\$805	\$840
Community Colleges	5,968	6,140	6,179	6,776
Health Formula Grant	975	1,124	1,150	1,160
Transportation ¹	1,641	1,625	1,864	2,344
Police and Public Safety ¹	963	1,035	995	1,001
Fire and Rescue Aid ¹	279	311	307	307
Recreation and Natural Resources	299	295	506	740
Disparity Grant	307	315	511	1,058
Gaming Impact Aid	3,611	3,993	4,264	4,301
Other Direct Aid	76	11	0	0
Total Direct Aid	\$115,255	\$121,999	\$124,736	\$126,801
Aid Per Capita (\$)	\$1,122	\$1,187	\$1,214	\$1,234
Property Tax Equivalent (\$)	1.19	1.25	1.25	1.24

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 2016 through 2019 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be \$55,924,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county’s share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$59,811	\$66,021	\$69,409	\$71,765
Family Health and Chronic Disease	541	446	428	408
Developmental Disabilities	7,387	7,129	7,767	8,133
Behavioral Health Services	9,685	9,725	11,472	11,870
Total	\$77,424	\$83,321	\$89,076	\$92,176
Social Services				
Homeless Services	25	32	54	56
Women’s Services	105	91	91	97
Adult Services	21	66	96	86
Child Welfare Services	3,872	4,073	3,081	2,831
Foster Care	4,147	4,842	4,803	4,834
Temporary Cash Assistance	275	498	357	153
Total	\$8,445	\$9,602	\$8,482	\$8,057
Senior Citizen Services				
Long-term Care	140	147	158	149
Community Services	44	51	51	51
Total	\$184	\$198	\$209	\$200

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

Bohemia Manor Middle/High School – renovations (boilers)	\$378,000
Bohemia Manor Middle/High School – renovations (roof)	1,660,000
Cecil Manor Elementary School – renovations (roof)	563,000
Cecil School of Technology – construction	242,470
Cecilton Elementary School – renovations (roof)	368,000
Cherry Hill Middle School – renovations (boilers)	439,000
Cherry Hill Middle School – renovations (building envelope)	564,000
Conowingo Elementary School – renovations (boilers)	187,000
Conowingo Elementary School – renovations (roof)	218,000
Gilpin Manor Elementary School – construction	11,871,824
Kenmore Elementary School – renovations (boilers)	309,000
Perryville Elementary School – construction	5,019,000
Perryville High School – renovations (boilers)	545,000
Providence Special School – renovations (roof)	216,000
Rising Sun Elementary School – renovations (boilers)	313,000
Thomson Estates Elementary School – renovations (boilers)	362,000
	\$23,255,294

Public Libraries

North East Library – construction	\$1,861,000
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Community Parks and Playgrounds

Avalon Park	\$90,000
Helen Titter Park	101,000
Main Street Park Basketball Court	42,000
Meadow Park	210,000
North East Community Park	8,000
Perryville Community Park	45,000
Union Street Park	116,000
	\$612,000

Chesapeake Bay Water Quality Projects

Chesapeake City WWTP – nutrient removal	\$1,590,000
Harbour View WWTP – nutrient removal	900,000
	\$2,490,000

Chesapeake Bay Restoration Fund

Chesapeake City WWTP – enhanced nutrient removal	\$2,720,000
Holloway Beach – sewer collection system	1,380,000
Port Deposit WWTP – replacement	3,680,000
	\$7,780,000

Water Supply Financial Assistance Program

Chesapeake City – water storage tank	\$831,000
North East – water quality improvements	397,000
Rising Sun – water main extension	500,000
	\$1,728,000

Waterway Improvement

Charlestown – dredge material site remediation	\$20,000
Charlestown Volunteer Fire Department – purchase fire/rescue boat	50,000
Chesapeake City – dredge Back Creek Basin	720,000
Elk River Park – channel dredging	55,000
	\$845,000

Energy-Water Infrastructure Program

Northeast Advanced WWTP – photovoltaic system installation	\$316,400
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Other Projects

Cecil County Farm Museum	\$25,000
Fair Hill Race Course	100,000
NorthBay Environmental Education Center	200,000
Perryville – railroad monument sign	25,000
Union Hospital	1,086,000
YMCA of Cecil County	100,000
	\$1,536,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Elk Neck State Park – improvements	\$2,384,000
Elk Neck State Park – Rogues Harbor breakwaters construction	1,350,000
Fair Hill NRMA – campground improvements	185,000
	\$3,919,000

Department of Environment

Elk Neck State Park WWTP – enhanced nutrient removal	\$200,000
Elk Neck State Park WWTP – nutrient removal	250,000
	\$450,000

Maryland Environmental Service

Fair Hill NRMA – water treatment plant/distribution system upgrades	\$4,044,000
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Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$107,266	\$108,170	\$111,026	\$117,312
Compensatory Education	30,265	31,968	32,050	34,227
Student Transportation	10,548	10,781	10,889	11,277
Special Education	9,311	9,845	10,653	11,114
Limited English Proficiency Grants	1,312	1,726	2,160	2,860
Guaranteed Tax Base	0	220	0	1,597
Geographic Cost of Education Index	1,767	3,548	3,579	3,686
Adult Education	701	461	461	461
Aging Schools	50	0	50	50
Prekindergarten Grants	0	30	30	44
Other Education Aid	1,915	1,566	1,554	1,606
<i>Primary and Secondary Education</i>	<i>\$163,135</i>	<i>\$168,315</i>	<i>\$172,452</i>	<i>\$184,234</i>
Libraries	\$967	\$1,011	\$1,057	\$1,107
Community Colleges	8,804	9,266	9,178	9,184
Health Formula Grant	1,233	1,453	1,506	1,512
Transportation ¹	1,663	1,576	1,992	2,661
Police and Public Safety ¹	1,275	5,337	1,350	1,377
Fire and Rescue Aid ¹	337	381	382	382
Recreation and Natural Resources	526	519	891	1,318
Other Direct Aid	32	60	0	0
Total Direct Aid	\$177,971	\$187,918	\$188,808	\$201,775
Aid Per Capita (\$)	\$1,130	\$1,177	\$1,182	\$1,263
Property Tax Equivalent (\$)	1.08	1.09	1.08	1.12

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 2016 through 2019 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be \$93,455,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$64,272	\$70,920	\$74,813	\$77,356
Family Health and Chronic Disease	789	775	804	774
Developmental Disabilities	10,310	6,376	6,946	7,273
Behavioral Health Services	12,063	12,591	14,815	15,314
Total	\$87,434	\$90,662	\$97,378	\$100,717
Social Services				
Homeless Services	128	62	136	140
Women's Services	166	154	148	156
Adult Services	19	57	107	175
Child Welfare Services	4,102	4,377	3,814	3,515
Foster Care	2,977	3,264	3,365	3,387
Temporary Cash Assistance	190	345	268	115
Total	\$7,582	\$8,259	\$7,838	\$7,488
Senior Citizen Services				
Long-term Care	168	176	201	190
Community Services	34	29	29	29
Total	\$202	\$205	\$230	\$219

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

Benjamin Stoddert Middle School – renovations (rooftop unit/boiler)	\$2,157,000
Berry Elementary School – kindergarten/pre-k addition	1,476,000
Billingsley Elementary School – construction	8,105,000
Daniel of St. Thomas Jenifer Elementary School – kindergarten/pre-k addition	1,449,000
Dr. James Craik Elementary School – kindergarten/pre-k addition	759,129
Dr. Samuel A. Mudd Elementary School – construction	12,141,549
Elementary School #22 – construction	9,625,000
Mary H. Matula Elementary School – kindergarten/pre-k addition	1,467,000
St. Charles High School – construction	9,960,809
	\$47,140,487

College of Southern Maryland

Campuswide – technology infrastructure upgrades	\$4,243,000
Hughesville – Health Sciences Center	10,633,000
	\$14,876,000

African American Heritage Preservation Grant Program

Old Pomonkey High School	\$195,000
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Community Parks and Playgrounds

Tilghman Lake Park	\$118,000
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Chesapeake Bay Water Quality Projects

College of Southern Maryland WWTP – nutrient removal	\$250,000
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Chesapeake Bay Restoration Fund

College of Southern Maryland WWTP – enhanced nutrient removal	\$200,000
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Water Supply Financial Assistance Program

Jenkins Lane – water system	\$167,000
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Energy-Water Infrastructure Program

Indian Head WWTP – blower replacement	\$200,000
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Other Projects

Angel’s Watch Shelter	\$1,500,000
Benedict Volunteer Fire Department and Rescue Squad	300,000
College of Southern Maryland – Entrepreneur and Innovation Institute	200,000
College of Southern Maryland – Studies Center	500,000
College of Southern Maryland – Velocity Center	75,000
Farming 4 Hunger, Inc. – community agricultural facility	175,000
Hospice House of Charles County	150,000
Indian Head – community recreation center	200,000
Indian Head Center for the Arts	135,000
Lions Camp Merrick	150,000
Maryland Veterans Memorial Museum	520,000
Old Pomonkey High School	50,000
Southern Maryland Carousel	330,000
	\$4,285,000

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

Smallwood State Park – campground improvements	\$239,000
Smallwood State Park – Sweden Point Marina	245,000
	\$484,000

Maryland Environmental Service

Southern Maryland Pre-Release Unit – wastewater treatment plant improvements	\$1,000,000
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Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$21,791	\$21,860	\$22,741	\$23,098
Compensatory Education	11,522	12,068	12,526	12,794
Student Transportation	2,463	2,479	2,514	2,535
Special Education	1,703	1,723	1,757	1,723
Limited English Proficiency Grants	613	579	701	901
Guaranteed Tax Base	663	865	1,165	1,246
Aging Schools	38	0	38	38
Prekindergarten Grants	0	0	110	161
Other Education Aid	1,389	1,071	1,231	1,251
Primary and Secondary Education	\$40,181	\$40,645	\$42,782	\$43,746
Libraries	\$263	\$272	\$285	\$296
Community Colleges	1,253	1,237	1,243	1,300
Health Formula Grant	513	621	819	755
Transportation ¹	1,212	1,221	1,391	1,718
Police and Public Safety ¹	365	427	380	376
Fire and Rescue Aid ¹	286	311	327	327
Recreation and Natural Resources	97	96	164	241
Disparity Grant	2,023	2,023	2,023	2,023
Teachers Retirement Supplemental Grant	309	309	309	309
Other Direct Aid	27	405	0	0
Total Direct Aid	\$46,529	\$47,566	\$49,723	\$51,093
Aid Per Capita (\$)	\$1,442	\$1,479	\$1,546	\$1,589
Property Tax Equivalent (\$)	1.61	1.65	1.73	1.79

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 2016 through 2019 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be \$15,917,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$29,703	\$32,495	\$34,015	\$35,165
Family Health and Chronic Disease	536	584	520	540
Developmental Disabilities	2,541	2,527	2,753	2,883
Behavioral Health Services	5,962	5,303	6,937	7,160
Total	\$38,742	\$40,909	\$44,225	\$45,748
Social Services				
Homeless Services	3	31	21	22
Women's Services	19	21	20	22
Adult Services	35	81	126	148
Child Welfare Services	1,886	2,056	1,614	1,524
Foster Care	1,796	1,611	1,407	1,416
Temporary Cash Assistance	144	186	129	55
Total	\$3,883	\$3,986	\$3,317	\$3,187
Senior Citizen Services				
Long-term Care	519	509	533	503
Community Services	318	338	257	257
Total	\$837	\$847	\$790	\$760

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

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

Cambridge-South Dorchester High School – renovations (HVAC)	\$738,000
Choptank Elementary School – renovations (HVAC/lighting)	216,000
New Directions Learning Academy School – renovations (roof)	1,005,000
North Dorchester High School – construction	25,052,000
	\$27,011,000

Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	\$646,000
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Community Health Facilities Grant Program

Delmarva Community Services, Inc.	\$549,000
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Senior Center Capital Grant Program

Chesapeake Grove – Senior Housing and Intergenerational Center	\$81,000
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African American Heritage Preservation Grant Program

Christ Rock Methodist Episcopal Church	\$100,000
Stanley Institute	24,000
	\$124,000

Community Parks and Playgrounds

Cattail Crossing Community Playground	\$191,000
Great Marsh Park	124,000
Vienna Playground and Basketball Court	21,000
	\$336,000

Chesapeake Bay Water Quality Projects

Twin Cities WWTP – nutrient removal	\$3,085,000
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Water Supply Financial Assistance Program

Bonnie Brook – water facilities improvement/water meter replacement	\$257,000
North Dorchester High/Middle Schools – replace well and storage tank	151,000
	\$408,000

Waterway Improvement

Cambridge – bulkhead replacement	\$100,000
Cambridge Municipal Marina – bathhouse renovations	65,000
Cambridge Municipal Marina – maintenance and improvements	50,000
Elliott Island Marina – jetty replacement	200,000
Golden Hill – boat ramp bulkhead replacement	99,000
Public boating facilities – countywide maintenance	198,000
Secretary – pier replacement	60,000
Secretary – Temple Street Town Pier	50,000
Slaughter Creek – channel dredging	50,000
Tar Bay – dredging	250,000
Taylor's Island – bulkhead and parking lot improvements	80,000
Vienna Waterfront Park – boat ramp and dock improvements	99,000
Vienna Waterfront Park – extend north and south piers	99,000
	\$1,400,000

Energy-Water Infrastructure Program

Cambridge – pump stations pump replacement	\$392,955
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Coastal Resiliency Program

Hurst Creek – shoreline improvements	\$190,000
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Other Projects

Chesapeake Grove – Senior Housing and Intergenerational Center	\$2,250,000
Dorchester County Family YMCA	100,000
Maces Lane Community Center	200,000
Patriot Point	875,000
	\$3,425,000

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

Bill Burton Fishing Pier State Park – structural assessment	\$150,000
Cambridge Marine Terminal – bulkhead replacement	2,150,000
	\$2,300,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$157,560	\$156,156	\$160,353	\$165,055
Compensatory Education	33,604	33,423	34,686	35,111
Student Transportation	12,163	12,284	12,617	13,015
Special Education	15,697	16,399	17,163	17,388
Limited English Proficiency Grants	7,055	7,276	8,419	9,914
Geographic Cost of Education Index	3,309	6,584	6,730	6,910
Adult Education	459	489	490	490
Aging Schools	183	0	183	183
Prekindergarten Grants	215	70	184	268
Other Education Aid	1,486	1,190	1,402	1,360
Primary and Secondary Education	\$231,731	\$233,871	\$242,226	\$249,692
Libraries	\$1,360	\$1,387	\$1,445	\$1,493
Community Colleges	9,940	10,538	10,857	11,304
Health Formula Grant	1,816	2,033	2,178	2,160
Transportation ¹	4,629	4,608	5,183	6,353
Police and Public Safety ¹	2,260	3,288	2,425	2,461
Fire and Rescue Aid ¹	495	559	566	566
Recreation and Natural Resources	599	592	1,016	1,536
Other Direct Aid	120	160	0	0
Total Direct Aid	\$252,949	\$257,036	\$265,896	\$275,565
Aid Per Capita (\$)	\$1,020	\$1,020	\$1,055	\$1,093
Property Tax Equivalent (\$)	0.93	0.91	0.90	0.91

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 2016 through 2019 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be \$138,922,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$85,288	\$94,711	\$99,901	\$103,293
Family Health and Chronic Disease	563	561	563	577
Developmental Disabilities	33,336	12,559	13,682	14,327
Behavioral Health Services	18,442	18,207	23,143	23,904
Total	\$137,629	\$126,038	\$137,289	\$142,101
Social Services				
Homeless Services	137	133	137	140
Women's Services	71	73	73	79
Adult Services	36	87	132	170
Child Welfare Services	4,697	5,262	3,985	3,762
Foster Care	4,524	4,146	3,790	3,814
Temporary Cash Assistance	195	353	277	119
Total	\$9,660	\$10,054	\$8,394	\$8,084
Senior Citizen Services				
Long-term Care	281	292	311	296
Community Services	80	91	96	103
Total	\$361	\$383	\$407	\$399

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

Butterfly Ridge Elementary School – construction	\$12,271,000
Carroll Manor Elementary School – renovations (chiller)	212,000
Carroll Manor Elementary School – renovations (sewage pump)	347,000
Carroll Manor Elementary School – renovations (windows/doors)	326,000
Catoctin High School – renovations (HVAC)	2,123,328
Emmitsburg Elementary School – renovations (HVAC)	543,000
Emmitsburg Elementary School – renovations (roof)	345,000
Frederick High School – construction	41,298,000
Governor Thomas Johnson High School – renovations (roof)	559,000
Governor Thomas Johnson Middle School – renovations (boilers)	246,000
Hillcrest Elementary School – renovations (roof)	451,000
Hillcrest Elementary School – renovations (roof/windows/doors)	538,000
Middletown Elementary School – renovations (HVAC)	230,000
Monocacy Middle School – renovations (unit ventilators)	262,000
Myersville Elementary School – renovations (HVAC)	505,000
Myersville Elementary School – renovations (roof)	200,000
New Market Middle School – renovations (boilers)	374,000
New Midway Elementary School – renovations (boilers)	197,000
Sugarloaf Elementary School – construction	14,808,000
Thurmont Middle School – renovations (roof)	380,000
Twin Ridge Elementary School – renovations (chiller)	164,000
Urbana Elementary School – construction	2,902,000
Urbana High School – renovations (lighting)	421,000
Valley Elementary School – renovations (roof)	786,000
Walkersville “B” Building – renovations (boilers)	168,000
Walkersville Middle School – renovations (chiller)	164,000
Woodsboro Elementary School – renovations (boiler)	217,000
	\$81,037,328

Public Libraries

Myersville Library – construction	\$750,000
Walkersville Library – construction	1,000,000
	\$1,750,000

Frederick Community College

Building B – reconfiguration and conversion	\$227,000
Building E – renovation and addition	300,000
Monroe Center – renovation	4,042,000
	\$4,569,000

Community Health Facilities Grant Program

Way Station, Inc.	\$1,600,000
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African American Heritage Preservation Grant Program

Catoctin Furnace African American Cemetery	\$87,000
Catoctin Furnace Iron Master’s House Ruins	5,000
	\$92,000

Community Parks and Playgrounds

Brunswick Sports Complex	\$37,000
Burkittsville Memorial Park	83,000
Emmitsburg Community Pool	217,000
Harp Field	45,000
Memorial Park	17,000
Stonegate Park	84,000
Woodland Park	19,000
	\$502,000

Chesapeake Bay Restoration Fund

Lewistown – wastewater collection system	\$985,000
Lewistown WWTP – enhanced nutrient removal	960,000
	\$1,945,000

Energy-Water Infrastructure Program

Ballenger-McKinney WWTP – solar power	\$2,000,000
Emmitsburg – Creamery Road pump station upgrades	221,907
Thurmont WWTP – blower replacement	459,800
	\$2,681,707

Other Projects

Boys and Girls Club of Frederick County	\$200,000
Brunswick Heritage Museum	100,000
Brunswick Junior Railroaders Youth Sports Facility	20,000

Camp Shoresh	73,500
CrossRoads Freedom Center Recovery Housing	55,000
Downtown Frederick Hotel and Conference Center	5,000,000
Emergency Family Services Shelter	50,000
Frederick – Culler Lake revitalization	250,000
Frederick Memorial Hospital Dental Clinic	75,000
Helen Smith Studio	50,000
Historical Society of Frederick County, Inc.	50,000
Middletown – Remsberg Park	100,000
Northwest Trek Conservation and Education Center	100,000
Performing Arts Statutory Trust – New Spire Arts	250,000
Tuscarora High School – concession stand	45,000
Weinberg Center for the Arts	100,000
YMCA of Frederick County	100,000
	\$6,618,500

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	\$50,000
Cunningham Falls State Park – boat ramp improvements	10,000
Cunningham Falls State Park – day use improvements	3,084,000
	\$3,144,000

Maryland Environmental Service

Cunningham Falls State Park – wastewater collection/water distribution	\$463,000
Cunningham Falls State Park – water treatment plant	4,000,000
Victor Cullen – wastewater treatment plant upgrades	373,000
	\$4,836,000

Other

School for the Deaf – Veditz Building	\$586,000
School for the Deaf – water main replacement project	2,735,000
	\$3,321,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$10,882	\$12,355	\$11,215	\$11,680
Compensatory Education	4,703	4,575	4,604	4,458
Student Transportation	2,936	2,968	2,992	3,031
Special Education	1,064	1,030	1,032	1,002
Limited English Proficiency Grants	8	6	11	25
Declining Enrollment Grants	0	0	209	41
Adult Education	78	79	79	79
Aging Schools	38	0	38	38
Prekindergarten Grants	442	330	608	852
Other Education Aid	1,083	971	953	992
<i>Primary and Secondary Education</i>	<i>\$21,234</i>	<i>\$22,313</i>	<i>\$21,741</i>	<i>\$22,198</i>
Libraries	\$138	\$142	\$151	\$163
Community Colleges	3,923	3,888	3,935	4,015
Health Formula Grant	516	639	771	733
Transportation ¹	1,162	1,146	1,341	1,715
Police and Public Safety ¹	215	232	226	224
Fire and Rescue Aid ¹	268	300	300	300
Recreation and Natural Resources	119	118	202	298
Disparity Grant	2,131	2,131	2,131	2,131
Teachers Retirement Supplemental Grant	406	406	406	406
Other Direct Aid	670	20	0	1,491
Total Direct Aid	\$30,784	\$31,336	\$31,205	\$33,675
Aid Per Capita (\$)	\$1,049	\$1,072	\$1,067	\$1,152
Property Tax Equivalent (\$)	0.68	0.69	0.68	0.73

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 2016 through 2019 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be \$14,530,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$20,723	\$22,208	\$22,796	\$23,570
Family Health and Chronic Disease	473	450	421	428
Developmental Disabilities	3,208	2,472	2,693	2,820
Behavioral Health Services	3,920	3,738	4,504	4,647
Total	\$28,324	\$28,868	\$30,414	\$31,465
Social Services				
Homeless Services	39	45	41	41
Women's Services	213	203	195	203
Adult Services	10	20	22	20
Child Welfare Services	1,846	1,794	1,546	1,478
Foster Care	981	1,131	1,207	1,214
Temporary Cash Assistance	43	61	47	20
Total	\$3,132	\$3,254	\$3,058	\$2,976
Senior Citizen Services				
Long-term Care	120	118	118	111
Community Services	66	83	68	70
Total	\$186	\$201	\$186	\$181

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

Southern Middle School – renovations (roof/fire safety/sanitary line)	\$1,567,000
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Garrett Community College

Community Education and Performing Arts Center	\$685,000
Science, Technology, Engineering, and Mathematics Building	4,262,000
	\$4,947,000

Community Parks and Playgrounds

Broadford Recreation Stage	\$80,000
Friendsville Community Park	33,000
Harrison Hanlin Children’s Park	93,000
Loch Lynn Community Park	238,000
Town Park	89,000
Wodell Park	81,000
	\$614,000

Chesapeake Bay Water Quality Projects

Deep Creek Lake WWTP – nutrient removal	\$250,000
Trout Run WWTP – nutrient removal	250,000
	\$500,000

Chesapeake Bay Restoration Fund

Deep Creek Lake WWTP – enhanced nutrient removal	\$7,400,000
Trout Run WWTP – enhanced nutrient removal	200,000
	\$7,600,000

Water Supply Financial Assistance Program

Keysers Ridge – water storage tank	\$344,000
Oakland – water plant improvements	238,000
	\$582,000

Waterway Improvement

Arrowhead Cove – dredging	\$1,115,000
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Mining Remediation Program

Upper George’s Creek – stream sealing	\$323,000
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Other Projects

Believe in Tomorrow Children’s House at Deep Creek Lake	\$200,000
Friendsville Veterans Memorial	100,000
Garrett County – Bloomington Water Distribution System	164,000
Garrett County – Emergency Operations Center	300,000
Garrett County Memorial Hospital	472,000
Grantville Volunteer Fire Company	25,000
	\$1,261,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Casselman River Bridge State Park	\$1,380,000
Countywide – trail construction at State parks	780,000
Deep Creek Lake State Park – boat ramp dock replacement	150,000
Deep Creek Lake State Park – dredging	250,000
Jennings Randolph Lake – boat ramp lighting and electrical upgrades	88,500
Jennings Randolph Lake – dock replacement	40,000
Mt. Nebo WMA – McCoolle boat ramp improvements	50,000
New Germany State Park – day use area and beach improvements	4,375,000
	\$7,113,500

Maryland Environmental Service

Backbone Mountain Youth Center – well upgrades	\$526,000
Swallow Falls State Park – water and wastewater treatment plant upgrades	955,000
	\$1,481,000

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$136,328	\$137,763	\$138,970	\$141,639
Compensatory Education	33,711	33,873	34,335	34,404
Student Transportation	12,451	12,549	12,634	12,879
Special Education	20,124	19,591	19,904	19,301
Limited English Proficiency Grants	1,452	1,667	1,758	2,238
Declining Enrollment Grants	0	0	356	0
Adult Education	128	128	129	129
Aging Schools	217	0	217	217
Prekindergarten Grants	0	0	44	64
Other Education Aid	1,141	1,074	974	1,131
Primary and Secondary Education	\$205,553	\$206,645	\$209,320	\$212,003
Libraries	\$1,483	\$1,535	\$1,604	\$1,672
Community Colleges	11,395	12,021	12,070	12,476
Health Formula Grant	2,084	2,309	2,361	2,383
Transportation ¹	3,054	3,054	3,590	4,467
Police and Public Safety ¹	2,703	2,947	2,843	2,850
Fire and Rescue Aid ¹	511	574	573	573
Recreation and Natural Resources	858	848	1,455	2,139
Other Direct Aid	153	483	0	0
Total Direct Aid	\$227,794	\$230,416	\$233,816	\$238,564
Aid Per Capita (\$)	\$910	\$914	\$927	\$946
Property Tax Equivalent (\$)	0.84	0.83	0.82	0.83

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 2016 through 2019 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be \$122,262,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county’s share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$98,634	\$107,427	\$112,159	\$115,957
Family Health and Chronic Disease	908	844	852	836
Developmental Disabilities	13,788	9,050	9,859	10,324
Behavioral Health Services	17,295	18,096	21,998	22,744
Total	\$130,625	\$135,417	\$144,868	\$149,861
Social Services				
Homeless Services	108	86	109	111
Women’s Services	355	358	338	352
Adult Services	31	83	150	239
Child Welfare Services	5,358	5,745	4,046	3,810
Foster Care	7,641	7,710	7,666	7,715
Temporary Cash Assistance	261	479	415	178
Total	\$13,754	\$14,461	\$12,724	\$12,405
Senior Citizen Services				
Long-term Care	322	320	355	337
Community Services	88	119	93	93
Total	\$410	\$439	\$448	\$430

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

Bel Air Elementary School – construction	\$3,591,162
Center for Educational Opportunity – renovations (air conditioning)	2,425,000
Churchville Elementary School – renovations (roof)	495,000
Darlington Elementary School – renovations (HVAC/windows)	1,518,000
Fallston Middle School – renovations (chiller)	554,000
Havre de Grace Middle/High School – construction	21,156,472
Joppatown High School – renovations (roof)	1,285,000
North Harford Elementary School – renovations (roof)	569,000
Prospect Mill Elementary School – construction	2,391,000
Riverside Elementary School – renovations (HVAC/windows/doors)	4,064,000
William Paca/Old Post Road Elementary School – construction	1,156,000
William S. James Elementary School – construction	709,000
Youth’s Benefit Elementary School – construction	3,998,000
	\$43,911,634

Public Libraries

Aberdeen Library – renovation	\$194,000
Abingdon Library – renovation	500,000
Edgewood Library – renovation	94,000
Havre de Grace Library – construction	1,000,000
	\$1,788,000

Harford Community College

Campuswide – roadway improvements	\$634,000
Edgewood Hall – renovation and expansion	4,291,000
Fallston Hall – renovation	3,769,000
Regional Workforce Development Center	1,372,000
	\$10,066,000

Community Health Facilities Grant Program

Key Point Health Services, Inc.	\$202,000
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African American Heritage Preservation Grant Program

McComas Institute	\$100,000
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Community Parks and Playgrounds

Aberdeen Festival Park	\$50,000
Tydings Park Playground	264,000
	\$314,000

Chesapeake Bay Restoration Fund

Ashley Knolls – sewer disposal facility	\$1,090,000
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Waterway Improvement

Flying Point Park – boat ramp renovation	\$99,000
Flying Point Park – west pier renovation	99,000
Foster Branch – maintenance dredging	42,500
Gunpowder River – channel dredging	700,000
Havre de Grace – purchase fire/rescue boat	50,000
Havre de Grace Yacht Basin – dredging	574,000
Havre de Grace Yacht Basin – pier improvements	79,000
Otter Point Creek – boating facility improvements	99,000
Otter Point Creek – maintenance dredging	850,000
Rumsey Island/Taylor Creek – channel dredging	45,000
Swan Harbor Farm – pier renovation	99,000
Taylor Creek – channel dredging	283,250
	\$3,019,750

Hazardous Substance Cleanup Program

Former Ames Shopping Plaza – hazardous waste remediation	\$100,000
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Other Projects

Aberdeen B&O Railroad Station	\$50,000
Aberdeen Proving Ground Discovery Preview Center	250,000
Agricultural Research and Exposition Foundation	150,000
Bel Air – Rockfield Park	116,000
Center for the Visual and Performing Arts	200,000
Community Projects of Havre de Grace, Inc. – Historic Colored School	96,000
Havre de Grace – American Indian First Contact Waterfront Heritage Park	100,000
Havre de Grace – regional fire and rescue boat	100,000
Historical Society of Harford County	50,000
Ladew Topiary Gardens	100,000
Maryland Center for the Arts	1,000,000

McComas School Museum	25,000
National Center for Manufacturing Sciences	100,000
Ripken Stadium	500,000
Sexual Assault/Spouse Abuse Resource Center	125,000
The Epicenter at Edgewood	50,000
	\$3,012,000

D. Capital Projects for State Facilities in the County

Maryland Military Department

Havre de Grace Readiness Center	\$4,740,000
Havre de Grace Readiness Center (federal funds)	33,936,000
	\$38,676,000

Department of Natural Resources

Rocks State Park – replace comfort station	\$1,089,000
Susquehanna State Park – boating facility improvements	15,000
	\$1,104,000

Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$159,177	\$162,732	\$167,021	\$173,587
Compensatory Education	27,734	30,245	30,380	31,926
Student Transportation	16,504	17,032	17,494	18,155
Special Education	15,756	15,783	16,138	16,558
Limited English Proficiency Grants	6,902	7,485	7,878	9,322
Geographic Cost of Education Index	2,737	5,592	5,709	5,868
Adult Education	316	296	296	296
Aging Schools	88	0	88	88
Prekindergarten Grants	332	0	157	230
Other Education Aid	1,962	1,610	1,704	1,522
Primary and Secondary Education	\$231,508	\$240,776	\$246,865	\$257,552
Libraries	\$869	\$899	\$940	\$983
Community Colleges	17,693	19,320	19,705	20,672
Health Formula Grant	1,529	1,734	1,760	1,781
Transportation	2,510	2,248	2,924	3,953
Police and Public Safety	3,644	4,849	3,748	3,838
Fire and Rescue Aid	548	617	617	617
Recreation and Natural Resources	1,522	1,504	2,580	3,826
Gaming Impact Aid	89	89	89	89
Other Direct Aid	167	512	0	0
Total Direct Aid	\$260,080	\$272,548	\$279,230	\$293,313
Aid Per Capita (\$)	\$821	\$849	\$870	\$913
Property Tax Equivalent (\$)	0.55	0.55	0.54	0.56

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 2016 through 2019 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be \$247,060,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$99,483	\$110,840	\$114,610	\$118,464
Family Health and Chronic Disease	725	681	669	643
Developmental Disabilities	28,488	49,965	54,433	57,000
Behavioral Health Services	18,644	19,021	23,367	24,218
Total	\$147,340	\$180,507	\$193,079	\$200,325
Social Services				
Homeless Services	79	82	79	82
Women's Services	281	272	90	97
Adult Services	16	32	27	24
Child Welfare Services	3,877	4,013	3,445	3,130
Foster Care	2,962	2,792	2,772	2,790
Temporary Cash Assistance	232	388	304	130
Total	\$7,447	\$7,579	\$6,717	\$6,253
Senior Citizen Services				
Long-term Care	315	312	338	320
Community Services	76	54	38	38
Total	\$391	\$366	\$376	\$358

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

Atholton Elementary School – renovations (roof)	\$548,000
Bonnie Branch Middle School – renovations (HVAC/ceilings/lighting)	1,100,000
Burleigh Manor Middle School – renovations (HVAC/ceilings/lighting)	3,841,000
Centennial High School – renovations (roof)	1,326,000
Deep Run Elementary School – construction	1,821,000
Fulton Elementary School – renovations (roof)	831,000
Glenwood Middle School – renovations (building envelope)	789,000
Harpers Choice Middle School – renovations (roof)	1,862,000
Long Reach High School – renovations (building envelope)	4,713,000
Manor Woods Elementary School – renovations (fire safety)	113,000
Manor Woods Elementary School – renovations (HVAC/ceilings/lighting)	972,000
Mayfield Woods Middle School – renovations (fire safety)	150,000
Mount View Middle School – renovations (HVAC/ceilings/lighting)	4,504,000
Northeastern Elementary School – construction	14,908,167
Patuxent Valley Middle School – construction	7,819,000
Pointers Run Elementary School – renovations (HVAC/ceilings/lighting)	4,310,000
Rockburn Elementary School – renovations (boilers)	226,000
Rockburn Elementary School – renovations (HVAC/ceilings/lighting)	3,285,000
Swansfield Elementary School – construction	7,696,000
Waverly Elementary School – construction	11,650,000
Wilde Lake High School – renovations (roof)	1,012,000
Wilde Lake Middle School – construction	15,359,000
Supplemental Capital Grant Program for Local School Systems	1,629,715
	\$90,464,882

Howard Community College

Nursing and Science & Technology Buildings – renovation	\$20,295,000
Science, Engineering, and Technology Building – construction	26,353,000
	\$46,648,000

Community Health Facilities Grant Program

iHomes, Inc.	\$881,000
Living In Recovery, Inc.	299,000
	\$1,180,000

Senior Center Capital Grant Program

Elkridge 50+ Center	\$580,000
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Shelter and Transitional Housing Facilities

Guilford Road Day Resource Center and Single Efficiency Apartments	\$500,455
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Energy-Water Infrastructure Program

Little Patuxent Water Reclamation Plant – pump replacement	\$384,000
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Other Projects

Carrollton Hall	\$125,000
Chrysalis Pavilion in Merriweather Park at Symphony Woods	150,000
Community Action Council Food Bank	590,000
Ellicott City – flood mitigation	750,000
Ellicott City Public Arts Project	175,000
Environmental Education Center	250,000
Harriet Tubman Community Center and Museum	800,000
Howard County Conservancy, Inc. – Environmental Education Center	250,000
Howard County General Hospital	220,000
Howard County Historical Society	35,000
Howard County Housing Commission – Columbia Cultural Arts Center	500,000
Howard County Youth Program	100,000
Huntington Park	150,000
Lisbon Volunteer Fire Department	125,000
Merriweather Post Pavilion	20,000,000
PHILLIPS School	150,000
Sheppard Pratt at Elkridge	2,500,000
Sheppard Pratt Hospital	4,000,000
Solomon’s Lodge #121	20,000
South Branch Park	100,000
Tau Pi Mentoring Program	25,000
The Arc of Howard County	250,000
Vantage House Retirement Community	69,000
	\$31,334,000

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

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

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$3,556	\$3,688	\$3,539	\$3,611
Compensatory Education	2,569	2,692	2,593	2,703
Student Transportation	1,553	1,567	1,578	1,594
Special Education	790	821	861	855
Limited English Proficiency Grants	146	116	131	173
Declining Enrollment Grants	0	0	142	113
Geographic Cost of Education Index	68	133	133	132
Aging Schools	38	0	38	38
Prekindergarten Grants	0	0	73	128
Other Education Aid	820	699	790	715
Primary and Secondary Education	\$9,541	\$9,716	\$9,877	\$10,062
Libraries	\$83	\$86	\$95	\$103
Community Colleges	610	548	528	551
Health Formula Grant	403	546	625	605
Transportation ¹	543	537	623	794
Police and Public Safety ¹	260	284	200	200
Fire and Rescue Aid ¹	275	309	311	311
Recreation and Natural Resources	72	71	122	180
Other Direct Aid	0	400	0	0
Total Direct Aid	\$11,785	\$12,499	\$12,383	\$12,805
Aid Per Capita (\$)	\$600	\$645	\$639	\$661
Property Tax Equivalent (\$)	0.40	0.42	0.42	0.43

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 2016 through 2019 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be \$7,508,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$12,325	\$13,935	\$14,345	\$14,828
Family Health and Chronic Disease	449	456	449	445
Developmental Disabilities	1,995	2,309	2,515	2,634
Behavioral Health Services	6,268	6,259	3,675	3,775
Total	\$21,037	\$22,959	\$20,984	\$21,682
Social Services				
Homeless Services	1	1	1	1
Women's Services	19	21	20	22
Adult Services	10	30	50	45
Child Welfare Services	885	919	719	607
Foster Care	500	498	442	445
Temporary Cash Assistance	41	72	55	23
Total	\$1,456	\$1,541	\$1,287	\$1,143
Senior Citizen Services				
Long-term Care	350	351	351	331
Community Services	112	111	97	98
Total	\$462	\$462	\$448	\$429

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

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

Garnett Elementary School – renovations (HVAC)	\$615,000
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Public Libraries

Chestertown Library – renovation	\$192,000
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Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	\$646,000
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Community Parks and Playgrounds

Galena Elementary School – walking path	\$80,000
Louisa d’Andelot Carpenter Park	138,000
Robvanary Park	83,000
Rock Hall Town Ballfield	75,000
	\$376,000

Chesapeake Bay Water Quality Projects

Betterton WWTP – nutrient removal	\$750,000
Galena WWTP – nutrient removal	1,395,000
	\$2,145,000

Water Supply Financial Assistance Program

Galena – water meter replacement/water system generator	\$120,000
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Waterway Improvement

Chestertown Marina – bulkhead and pier improvements	\$699,000
Fairlee Creek – channel dredging	250,000
Fairlee Creek Public Landing – pier replacement	48,000
Mill Creek – channel dredging	140,000
Quaker Neck Landing – ADA accessible pier	97,500
Turner’s Creek – boat ramp improvements	130,000
	\$1,364,500

Energy-Water Infrastructure Program

Betterton – wastewater pump station replacement	\$19,579
Countywide – lighting efficiency upgrades	130,500
	\$150,079

Other Projects

Camp Fairlee	\$200,000
Chestertown – municipal marina revitalization	1,000,000
Echo Hill Outdoor School	30,000
Washington College – academic building	4,000,000
	\$5,230,000

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

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

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$322,176	\$325,527	\$338,745	\$351,745
Compensatory Education	136,728	137,614	140,037	141,593
Student Transportation	39,787	40,932	42,090	43,245
Special Education	60,041	57,264	59,601	59,535
Limited English Proficiency Grants	60,287	61,682	64,722	73,546
Geographic Cost of Education Index	17,744	35,977	36,855	37,712
Adult Education	945	972	972	972
Aging Schools	603	0	603	603
Prekindergarten Grants	426	639	1,508	2,202
Other Education Aid	5,108	4,695	5,102	5,296
<i>Primary and Secondary Education</i>	<i>\$643,844</i>	<i>\$665,302</i>	<i>\$690,234</i>	<i>\$716,448</i>
Libraries	\$2,902	\$2,997	\$3,120	\$3,236
Community Colleges	48,451	49,304	49,860	51,286
Health Formula Grant	3,926	3,968	3,968	4,039
Transportation ¹	8,914	8,853	10,203	13,016
Police and Public Safety ¹	15,200	16,382	16,126	16,304
Fire and Rescue Aid ¹	1,751	1,965	1,962	1,962
Recreation and Natural Resources	3,833	3,788	6,498	9,693
Other Direct Aid	86	247	0	0
Total Direct Aid	\$728,905	\$752,806	\$781,970	\$815,984
Aid Per Capita (\$)	\$695	\$711	\$739	\$771
Property Tax Equivalent (\$)	0.41	0.41	0.41	0.42

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 2016 through 2019 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be \$684,686,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$364,537	\$390,991	\$413,318	\$427,318
Family Health and Chronic Disease	1,304	1,272	1,267	1,273
Developmental Disabilities	77,107	68,733	74,879	78,410
Behavioral Health Services	65,593	70,604	79,845	83,004
Total	\$508,541	\$531,600	\$569,309	\$590,005
Social Services				
Homeless Services	292	286	332	341
Women's Services	388	372	191	202
Adult Services	402	585	624	611
Child Welfare Services	10,111	10,420	8,585	10,811
Foster Care	14,858	15,839	15,329	15,428
Temporary Cash Assistance	615	1,132	890	382
Total	\$26,666	\$28,634	\$25,951	\$27,775
Senior Citizen Services				
Long-term Care	1,341	1,359	1,490	1,412
Community Services	308	297	297	297
Total	\$1,649	\$1,656	\$1,787	\$1,709

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

Albert Einstein High School – renovations (roof)	\$788,000
Ashburton Elementary School – renovations (HVAC)	434,000
Beall Elementary School – renovations (HVAC)	560,000
Bel Pre Elementary School – construction	5,753,000
Bethesda-Chevy Chase High School – construction	6,682,000
Bradley Hills Elementary School – construction	4,305,000
Briggs Chaney Middle School – renovations (HVAC)	1,364,000
Brooke Grove Elementary School – renovations (HVAC)	549,000
Brookhaven Elementary School – renovations (roof)	178,000
Brown Station Elementary School – construction	6,872,250
Burning Tree Elementary School – renovations (HVAC)	374,000
Burtonsville Elementary School – renovations (HVAC)	624,000
Candlewood Elementary School – construction	5,886,000
Captain James E. Daly, Jr. Elementary School – renovations (HVAC)	461,000
Clarksburg Cluster Elementary School – construction	8,049,000
Clarksburg/Damascus Middle School – construction	4,995,000
Clearspring Elementary School – renovations (HVAC)	599,000
Cloverly Elementary School – renovations (HVAC)	399,000
Damascus High School – renovations (HVAC)	436,000
Damascus High School – renovations (roof)	272,000
Darnestown Elementary School – construction	2,434,000
Diamond Elementary School – construction	1,441,500
Dr. Sally K. Ride Elementary School – renovations (roof)	328,000
Flower Hill Elementary School – renovations (HVAC)	526,000
Fox Chapel Elementary School – renovations (roof)	269,000
Gaithersburg High School – construction	34,662,994
Georgian Forest Elementary School – construction	1,197,000
Germantown Elementary School – renovations (roof)	251,000
Greenwood Elementary School – renovations (HVAC)	424,000
Greenwood Elementary School – renovations (roof)	241,000
Hallie Wells Middle School – construction	5,663,235
Highland Elementary School – renovations (HVAC)	549,000
Highland Elementary School – renovations (roof)	328,000
Highland View Elementary School – renovations (HVAC)	584,000
Highland View Elementary School – renovations (roof)	191,000
Jackson Road Elementary School – renovations (roof)	369,000
John T. Baker Middle School – renovations (HVAC)	524,000
Jones Lane Elementary School – renovations (HVAC)	532,000

Julius West Elementary School – renovations (roof)	497,000
Julius West Middle School – construction	2,904,000
Kensington-Parkwood Elementary School – construction	431,000
Laytonsville Elementary School – renovations (HVAC)	449,000
New Hampshire Estates Elementary School – renovations (HVAC)	474,000
Newport Mill Middle School – renovations (roof)	215,000
North Bethesda Middle School – construction	4,145,000
Oakland Terrace Elementary School – renovations (HVAC)	599,000
Olney Elementary School – renovations (HVAC)	437,000
Poolesville Elementary School – renovations (roof)	311,000
Quince Orchard High School – renovations (HVAC)	549,000
Richard Montgomery Elementary School – construction	6,853,000
Robert Frost Middle School – renovations (windows/doors)	102,000
Rock Creek Forest Elementary School – construction	8,812,000
Rolling Terrace Elementary School – renovations (HVAC)	524,000
Sequoyah Elementary School – renovations (HVAC)	562,000
Shady Grove Middle School – renovations (HVAC)	511,000
Shady Grove Middle School – renovations (roof)	529,000
Silver Creek Middle School – construction	11,843,000
Silver Spring International Middle School – renovations (HVAC)	1,369,000
Sligo Creek Elementary School – renovations (HVAC)	437,000
Springbrook High School – renovations (roof)	927,000
Stone Mill Elementary School – renovations (HVAC)	519,000
Thomas Edison High School of Technology – construction	7,279,077
Thurgood Marshall Elementary School – renovations (roof)	270,000
Viers Mill Elementary School – construction	336,000
Walt Whitman High School – renovations (HVAC)	649,000
Walt Whitman High School – renovations (roof)	341,000
Washington Grove Elementary School – renovations (roof)	215,000
Wayside Elementary School – construction	4,036,000
Weller Road Elementary School – construction	2,653,518
Westbrook Elementary School – construction	2,068,000
Wheaton High School – construction	24,162,458
Wheaton Woods Elementary School – construction	6,771,000
Whetstone Elementary School – renovations (HVAC)	524,000
William H. Farquhar Middle School – construction	9,211,000
Wilson Wims Elementary School – construction	8,585,000
Winston Churchill High School – renovations (roof)	134,000
Wood Acres Elementary School – construction	576,000
Wyngate Elementary School – construction	2,838,000
	\$214,743,032

Public Libraries

Bethesda Library – renovation	\$500,000
Davis Library – renovation	350,000
Little Falls Library – renovation	350,000
Long Branch Library – renovation	100,000
Praisner Library – renovation	100,000
Quince Orchard Library – renovation	500,000
Wheaton Library – construction	200,000
White Oak Library – renovation	500,000
	\$2,600,000

Montgomery College

Germantown – Science and Applied Studies Building	\$17,867,000
Rockville – Student Services Center	30,694,000
Takoma Park/Silver Spring – Math and Science Center	5,138,000
	\$53,699,000

Local Jails and Detention Centers

County Pre-Release Center – dietary center improvements	\$3,505,000
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Community Health Facilities Grant Program

Avery Road Treatment Center	\$3,636,000
Cornerstone Montgomery, Inc.	1,050,000
Housing Unlimited, Inc.	2,541,000
Main Street Connect, Inc.	885,000
Montgomery Housing Partnership, Inc.	800,000
	\$8,912,000

Federally Qualified Health Centers Grant Program

Community Clinic, Inc.	\$402,000
Mary’s Center for Maternal and Child Care, Inc.	1,831,000
	\$2,233,000

African American Heritage Preservation Grant Program

Mutual Memorial Cemetery	\$78,000
Pleasant View Methodist Episcopal Church	100,000
	\$178,000

Community Parks and Playgrounds

Colby Avenue Playground	\$178,000
Croydon Park Playground	132,000
Dolores R. Miller Park	67,000
St. Paul Park	34,000
Wootton's Mill Park	94,000
	\$505,000

Chesapeake Bay Restoration Fund

Cabin John Basin – sewer rehabilitation	\$3,848,000
Northwest Branch – sewer rehabilitation	2,698,000
	\$6,546,000

Waterway Improvement

Seneca Landing Park – ADA accessible boat ramp and floating dock	\$99,500
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Energy-Water Infrastructure Program

Piscataway WWTP – aeration system upgrade	\$1,000,000
Piscataway WWTP – bio-energy combined heat and power	3,000,000
	\$4,000,000

Other Projects

A Wider Circle Community Service Center	\$1,050,000
Adventist Healthcare, Inc. – Adventist Behavioral Health and Wellness	726,000
Adventist Healthcare, Inc. – Shady Grove Medical Center	279,000
Anne L. Bronfman Center and Misler Adult Day Center	75,000
Arts on the Block Studio	100,000
Bender Jewish Community Center of Greater Washington	175,000
Bethesda Graceful Growing Together Community Center	250,000
Blair Regional Park	25,000
Boyd's Negro School	16,000
Brooke Grove Rehabilitation and Nursing Center	150,000
Charles E. Smith Life Communities	650,000
Community Services for Autistic Adults and Children	45,000
Cornerstone Montgomery and Interfaith Works	350,000
Damascus High School – athletic facilities	200,000
Damascus Volunteer Fire Department	100,000
Dream Catcher Meadows	50,000
Early Literacy Center	100,000

Easter Seals Inter-Generational Center	450,000
Family Services, Inc. – upcounty nonprofit hub	1,000,000
Four Corners Community Outreach	100,000
Friends House	50,000
Friendship Heights Village Center	100,000
Gaithersburg – Consumer Product Safety Commission Site	200,000
Gaithersburg – Olde Towne Park Plaza	200,000
Gandhi Brigade Youth Media	150,000
Good Hope Local Park	50,000
Halpine Hamlet Community Center	175,000
Holy Cross Health, Inc.	500,000
Homecrest House	120,000
Imagination Stage	400,000
Interfaith Watershed Restoration and Outreach Project	15,000
Ivymount School	65,000
Jewish Community Center of Greater Washington	150,000
Jewish Foundation for Group Homes, Inc.	150,000
Jewish Social Services Agency	1,000,000
Josiah Henson Park	300,000
Jubilee Association of Maryland Community Center	200,000
Korean Community Service Center	100,000
Laytonsville Lions Club	5,000
Madison Fields Therapeutic Equestrian Center	60,000
Martin Luther King Jr. Recreational Park	100,000
Maryland SoccerPlex	575,000
Maydale Nature Center	75,000
MdBio Foundation, Inc. – MdBioLab	100,000
MedStar Montgomery Medical Center	395,000
Melvin J. Berman Hebrew Academy	425,000
Metropolitan Ballet Theatre	100,000
Montgomery Hospice Casey House	50,000
National Center for Children and Families	75,000
National Cybersecurity Center of Excellence	2,000,000
Nonprofit Village Center	100,000
Noyes Children’s Library	200,000
Olney Boys and Girls Community Park	150,000
Olney Manor Dog Park	50,000
Olney Theatre	2,075,000
Our House Youth Home	250,000
Pleasant View United Methodist Church – Quince Orchard Colored School	200,000
Poolesville Grape Crushing Economic Development Facility	2,000,000

Potomac Community Resources, Inc.	325,000
Residential Continuum, Inc. – group home renovations	250,000
Rockville – F. Scott Fitzgerald Theatre and Social Hall	175,000
Rockville – King Farm Farmstead	100,000
Rockville – Senior Center	200,000
Rockville – Swim and Fitness Center	100,000
Rockville Welcome Center	100,000
Round House Theatre	350,000
Sandy Spring Museum	40,000
Sandy Spring Odd Fellows Lodge	15,000
Silver Spring Learning Center	100,000
Stewartown Local Park	125,000
Strathmore Hall	7,000,000
Suburban Hospital	283,000
Takoma Park – Silver Spring Cooperative	500,000
Takoma Park Library	150,000
The Treatment and Learning Centers, Inc. – Katherine Thomas School	200,000
The Writer’s Center	310,000
Torah School of Greater Washington	200,000
Washington Adventist University – Health Sciences Building	3,200,000
Western Piedmont Trail	105,000
Winter Growth, Inc.	30,000
Woodend Nature Sanctuary	150,000
YMCA Bethesda-Chevy Chase	100,000
Young Israel Shomrai Emunah Social Hall	50,000
	\$32,959,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	\$50,000
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University System of Maryland

Shady Grove – Biomedical Sciences and Engineering Education Facility	\$153,181,000
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Prince George’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$544,882	\$561,004	\$573,394	\$589,413
Compensatory Education	281,139	282,242	282,089	286,326
Student Transportation	39,146	39,758	40,694	41,559
Special Education	75,125	67,087	68,859	67,252
Limited English Proficiency Grants	81,883	86,900	94,281	107,415
Guaranteed Tax Base	6,212	8,530	5,665	1,294
Geographic Cost of Education Index	20,298	41,084	42,000	43,073
Adult Education	703	735	735	735
Aging Schools	1,209	0	1,209	1,209
Prekindergarten Grants	685	812	940	1,373
Other Education Aid	4,205	3,639	3,782	3,243
<i>Primary and Secondary Education</i>	<i>\$1,055,488</i>	<i>\$1,091,790</i>	<i>\$1,113,649</i>	<i>\$1,142,893</i>
Libraries	\$6,965	\$7,239	\$7,402	\$7,477
Community Colleges	27,960	30,431	30,496	31,632
Health Formula Grant	6,228	6,336	6,349	6,458
Transportation ¹	9,602	10,707	10,776	13,282
Police and Public Safety ¹	19,374	20,129	19,602	19,774
Fire and Rescue Aid ¹	1,517	1,699	1,699	1,699
Recreation and Natural Resources	3,298	3,259	5,591	8,214
Disparity Grant	23,088	26,632	30,877	34,100
Teachers Retirement Supplemental Grant	9,629	9,629	9,629	9,629
Gaming Impact Aid	1,054	12,228	22,407	23,045
Other Direct Aid	63	33	0	0
Total Direct Aid	\$1,164,268	\$1,220,111	\$1,258,476	\$1,298,201
Aid Per Capita (\$)	\$1,278	\$1,337	\$1,379	\$1,422
Property Tax Equivalent (\$)	1.46	1.44	1.39	1.36

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 2016 through 2019 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be \$463,511,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$386,313	\$437,263	\$460,514	\$476,168
Family Health and Chronic Disease	3,989	16,716	29,781	28,724
Developmental Disabilities	62,415	64,359	70,114	73,420
Behavioral Health Services	61,411	64,423	72,250	74,974
Total	\$514,128	\$582,761	\$632,659	\$653,286
Social Services				
Homeless Services	284	644	502	623
Women's Services	178	304	306	319
Adult Services	104	299	532	575
Child Welfare Services	14,064	14,410	13,729	11,462
Foster Care	17,071	18,648	19,077	19,200
Temporary Cash Assistance	1,125	1,948	1,473	632
Total	\$32,826	\$36,253	\$35,619	\$32,811
Senior Citizen Services				
Long-term Care	1,024	1,056	1,159	1,098
Community Services	253	271	271	271
Total	\$1,277	\$1,327	\$1,430	\$1,369

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

Allenwood Elementary School – renovations (windows)	\$291,000
Andrew Jackson Academy – renovations (HVAC)	9,831,000
Annapolis Road Academy – renovations (elevator)	194,000
Annapolis Road Academy – renovations (piping)	579,000
Annapolis Road Academy – renovations (windows)	142,000
Arrowhead Elementary School – renovations (HVAC)	1,068,000
Baden Elementary School – renovations (unit ventilators)	1,098,000
Beacon Heights Elementary School – renovations (HVAC/ceilings/lighting)	2,261,000
Beltsville Academy – renovations (elevator)	323,000
Beltsville Academy – renovations (roof)	1,364,000
Beltsville Academy – renovations (unit ventilators/windows)	1,421,000
Benjamin Tasker Middle School – renovations (piping)	581,000
Bond Mill Elementary School – renovations (windows)	904,000
Bowie High School – renovations (piping)	4,038,000
Bowie-Belair Annex High School – construction	11,675,000
Bradbury Heights Elementary School – renovations (roof)	830,000
Buck Lodge Middle School – renovations (HVAC/ceilings)	1,728,000
Buck Lodge Middle School – renovations (piping)	581,000
Carrollton Elementary School – renovations (rooftop unit)	146,000
Catherine T. Reed Elementary School – renovations (rooftop unit)	146,000
Central High School – construction	556,000
Central High School – renovations (elevator)	129,000
Central High School – renovations (HVAC)	11,267,000
Charles Carroll Middle School – renovations (ceilings)	323,000
Chillum Elementary School – renovations (elevator)	176,000
Chillum Elementary School – renovations (rooftop unit/air handling unit)	969,000
Columbia Park Elementary School – renovations (unit ventilators)	299,000
Cool Spring Elementary School – renovations (elevator)	129,000
Cool Spring Elementary School – renovations (roof)	536,000
Cooper Lane Elementary School – renovations (heat pumps)	129,000
Crossland High School – construction	375,000
Crossland High School – renovations (piping)	646,000
District Heights Elementary School – renovations (HVAC)	329,000
District Heights Elementary School – renovations (rooftop unit)	129,000
Drew Freeman Middle School – renovations (HVAC/lighting/electrical)	4,428,000
Duval High School – renovations (HVAC/windows)	1,938,000
Dwight D. Eisenhower Middle School – renovations (chiller/cooling tower)	533,000
Dwight D. Eisenhower Middle School – renovations (HVAC)	8,070,000

Dwight D. Eisenhower Middle School – renovations (piping/windows/doors)	452,000
Eleanor Roosevelt High School – renovations (elevator)	180,000
Elizabeth Rieg Regional School – construction	4,001,000
Fairmont Heights High School – construction	4,598,000
Flintstone Elementary School – renovations (elevator/piping)	742,000
Forest Heights Elementary School – renovations (windows)	646,000
Forestville High School – renovations (roof)	371,000
Fort Foote Elementary School – renovations (windows/doors/univent)	1,506,000
Frances R. Fuchs Early Childhood Center – renovations (piping)	775,000
Gaywood Elementary School – renovations (unit ventilators)	420,000
Gladys Noon Spellman Elementary School – renovations (elevator)	129,000
Glassmanor Elementary School – renovations (boilers)	258,000
Glassmanor Elementary School – renovations (HVAC/windows)	1,933,000
Glenridge Elementary School – renovations (HVAC)	7,643,000
Glenridge Elementary School – renovations (piping/windows/doors/elevators)	1,776,000
Greenbelt Elementary School – renovations (chiller)	614,000
Gwynn Park High School – construction	1,300,000
H. Winship Wheatley Early Childhood Center – renovations (windows)	1,292,000
High Bridge Elementary School – renovations (piping/ceiling)	484,000
Highland Park Elementary School – renovations (piping/boiler)	871,000
Hillcrest Heights Elementary School – renovations (piping)	161,000
Hollywood Elementary School – renovations (boiler/windows)	1,033,000
Hyattsville Elementary School – renovations (elevator)	177,000
Hyattsville Elementary School – renovations (HVAC)	1,755,000
Isaac J. Gourdine Middle School – renovations (chiller)	968,000
James H. Harrison Elementary School – renovations (metal panels)	904,000
James Madison Middle School – renovations (elevator)	129,000
James Madison Middle School – renovations (lighting)	142,000
Judge Sylvania Woods Elementary School – renovations (chiller)	355,000
Kenilworth Elementary School – renovations (piping)	129,000
Kingsford Elementary School – renovations (chiller)	355,000
Lamont Elementary School – renovations (HVAC)	4,687,000
Lamont Elementary School – renovations (unit ventilators)	129,000
Langley Park-McCormick Elementary School – renovations (elevator)	179,000
Langley Park-McCormick Elementary School – renovations (windows/fan coil)	775,000
Largo High School – construction	1,209,000
Largo High School – renovations (lighting/elevator/windows)	1,175,000
Largo High School – renovations (piping)	1,937,000
Largo High School – renovations (roof)	1,158,000
Laurel High School – construction	1,181,000
Laurel High School – renovations (elevator)	172,000

Lewisdale Elementary School – renovations (fan coil units)	517,000
Lewisdale Elementary School – renovations (rooftop unit)	146,000
Longfields Elementary School – renovations (windows/doors)	1,292,000
Marlton Elementary School – renovations (piping)	442,000
Maya Angelou French Immersion School – renovations (HVAC/windows)	2,995,000
Melwood Elementary School – renovations (windows/doors)	291,000
Mount Rainier Elementary School – renovations (cooling tower)	213,000
Nicholas Orem Middle School – renovations (windows/doors/univent)	2,983,000
North Forestville Elementary School – renovations (boilers)	323,000
North Forestville Elementary School – renovations (roof)	722,000
Oaklands Elementary School – renovations (roof)	611,000
Oxon Hill Elementary School – renovations (air handling unit)	323,000
Oxon Hill Middle School – renovations (HVAC)	3,126,000
Paint Branch Elementary School – renovations (HVAC)	537,000
Parkdale High School – renovations (elevator)	129,000
Patuxent Elementary School – renovations (roof)	291,000
Phyllis E. Williams Elementary School – renovations (piping)	1,932,000
Potomac High School – construction	162,000
Potomac High School – renovations (elevator)	129,000
Princeton Elementary School – renovations (HVAC)	646,000
Ridgecrest Elementary School – renovations (boilers/elevator)	452,000
Riverdale Elementary School – renovations (rooftop unit/air handling unit/doors)	710,000
Robert Goddard Montessori School – renovations (HVAC)	5,041,576
Rockledge Elementary School – renovations (roof)	796,000
Rogers Heights Elementary School – renovations (elevator)	178,000
Rogers Heights Elementary School – renovations (piping)	129,000
Springhill Lake Elementary School – renovations (roof)	852,000
Stephen Decatur Middle School – construction	8,200,000
Stephen Decatur Middle School – renovations (rooftop unit)	146,000
Surrattsville High School – renovations (piping)	1,937,000
Tall Oaks Vocational High School – renovations (unit ventilators/piping)	894,000
Tanglewood Regional School – renovations (HVAC/ceilings/lighting)	2,357,000
Tayac Elementary School – renovations (HVAC)	2,586,000
Tayac Elementary School – renovations (windows/doors)	623,000
Thomas Pullen Creative/Performing Arts Academy – renovations (windows)	1,033,000
Thomas Johnson Middle School – renovations (unit ventilators)	3,138,000
Thomas S. Stone Elementary School – construction	1,146,000
Thurgood Marshall Middle School – renovations (windows)	511,000
Tulip Grove Elementary School – construction	5,142,000
Walker Mill Middle School – renovations (HVAC)	334,000
Walker Mill Middle School – renovations (HVAC/building envelope)	8,564,000

Woodridge Elementary School – renovations (elevators/boilers)	452,000
Woodridge Elementary School – renovations (HVAC)	1,335,000
Yorktown Elementary School – renovations (windows/doors)	323,000
Supplemental Capital Grant Program for Local School Systems	1,508,137
	\$185,060,713

Public Libraries

Bowie Library – renovation	\$1,250,000
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Prince George’s Community College

Lanham Hall – renovation and addition	\$18,006,000
Marlboro Hall – renovation and addition	4,130,000
Queen Anne Academic Center – renovation and addition	46,987,000
	\$69,123,000

Local Jails and Detention Centers

County Correctional Center – medical unit renovation and expansion	\$6,485,000
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Federally Qualified Health Centers Grant Program

Greater Baden Medical Services, Inc.	\$818,000
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Senior Center Capital Grant Program

District Heights Senior Day Facility	\$800,000
Hampton Park Senior Activity Center	800,000
	\$1,600,000

African American Heritage Preservation Grant Program

Frederick Douglass Square at the University of Maryland	\$100,000
Sis’s Tavern/Baby Dee’s	50,000
	\$150,000

Community Parks and Playgrounds

Anne Reifsneider Memorial Park	\$22,000
Bladensburg Wellness and Exercise Park	149,000
District Heights Sports Complex	167,000
Edmonston’s 47th Avenue Park	47,000
Granville Gude Park	243,000
London Woods	96,000

Martin Luther King Community Park	182,000
Newton Street Park	188,000
Old Town Playground	46,000
Town Hall Playground	109,000
University Park Wells Run Playground	262,000
White Marsh Playground	275,000
	\$1,786,000

Chesapeake Bay Restoration Fund

Beaverdam Basin – sewer rehabilitation	\$2,219,000
Broad Creek Basin – sanitary sewer reconstruction	4,550,000
Lower Anacostia Basin – sewer rehabilitation	3,791,000
Northeast Branch – sewer rehabilitation	5,363,000
Northwest Branch – sewer rehabilitation	3,134,000
	\$19,057,000

Waterway Improvement

Fort Washington – purchase airboat for water rescue	\$50,000
Laurel Volunteer Rescue Squad – purchase fire/rescue boat	21,475
	\$71,475

Hazardous Substance Cleanup Program

Mr. G’s Cleaners – hazardous waste remediation	\$50,000
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Energy-Water Infrastructure Program

Piscataway WWTP – aeration system upgrade	\$1,000,000
Piscataway WWTP – bio-energy combined heat and power	3,000,000
	\$4,000,000

Coastal Resiliency Program

Eagle Harbor – shoreline improvements	\$1,025,000
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Other Projects

Accokeek First Church of God Center of Excellence	\$50,000
Accokeek Volunteer Fire Department	150,000
Alice Ferguson Foundation, Inc. – Potomac Watershed Study Center	150,000
Alpha and Beta Houses	75,000
American Legion Post 381 Annex	100,000
Bishop McNamara High School – dining hall and student center	200,000

Bishop McNamara High School – gymnasium	50,000
Bishop McNamara High School – Mt. Calvary softball field	150,000
Bladensburg – Bladensburg Road economic development	50,000
Bowie – Emergency Operations Center	100,000
Bowie – Senior Center	300,000
Bowie High School – athletic facilities	700,000
Bowie Volunteer Fire Department	75,000
Calvary Breath of Life Community Center	100,000
Camp Springs Elks Lodge No. 2332	70,000
Capitol Heights – public works modular home	100,000
Capitol Technology University – Living and Learning Center	1,600,000
Champ House	150,000
Chesapeake Math and IT Academy, Inc.	250,000
College Park – Duvall Field	150,000
College Park – Hollywood streetscape	150,000
College Park – Route 1 Baltimore Avenue revitalization	1,300,000
College Park Woods – hiker/biker connector trail	50,000
Collington Station Homeowners Association – safety and surveillance systems	24,000
Community Support Systems Food Pantry	10,000
Crossland High School	75,000
District Heights – senior day facility	500,000
District Heights – Veterans Park	170,000
Doctors Community Hospital	880,000
Eagle Harbor – town office	130,000
Elizabeth Seton High School – athletic field	30,000
Elizabeth Seton High School – library renovation	25,000
Family Life and Wellness Intergenerational Center	200,000
Fil-American Multicultural Center	100,000
Fort Washington Baptist Church	200,000
Greenbelt – Greenbelt Lake Dam	285,000
Greenbelt – Greenbelt Station Hiker and Biker Trail	75,000
Hard Bargain Farm Environmental Center	200,000
High Point High School – athletic facilities	700,000
Hillcrest Heights Community Center	250,000
Hillel Center for Social Justice	1,000,000
Hyattsville Community Development Corporation – Armory Plaza	300,000
Hyattsville Veteran’s Memorial	30,000
Joe’s Movement Emporium	50,000
Knights of St. John Hall	135,000
Landover Hills – Town Hall	50,000
Lanham Boys and Girls Club Sports Park	75,000

Laurel – Riverfront Park	100,000
Liberty Sports Park	2,500,000
Love Never Fails International Church, Inc. – public plaza/community overlook	25,000
Marlton Swim and Recreation Club	75,000
Maryland Intergenerational Family Life Center	50,000
Maryland Milestones Heritage Center	50,000
Maryland Multicultural Youth Centers	275,000
Mount Rainier – Civic Center	100,000
Mt. Ephraim Daycare Center	100,000
My Sister’s Keeper	50,000
New Horizons Disability Job Training and Recycling Center	40,000
Northwestern High School – athletic facilities	700,000
Olde Mill Community and Teaching Center	75,000
Park Berkshire Neighborhood Park	250,000
Patuxent River 4-H Center Dennis Cooper Cabin	250,000
Piscataway Park	100,000
Port Towns Family Health and Wellness Center	220,000
Prince George’s Arts & Humanities Council – public art projects	275,000
Prince George’s County Boys and Girls Club, Inc. – Sports Park	100,000
Prince George’s County Public High Schools – athletic facilities	2,700,000
Prince George’s County Volunteer Marine, Fire and Rescue Department	50,000
Pyramid Atlantic Art Center	175,000
Riverdale Park – pedestrian improvements	435,000
South County Dog Park	250,000
Southern Market Place	25,000
St. Ann’s Center for Children, Youth and Families	50,000
St. John’s Broad Creek Episcopal Church – Recreation and Wellness Project	25,000
St. Nicholas Catholic Church Parish Hall	50,000
St. Thomas Methodist Church	25,000
Suitland High School – athletic facilities	700,000
Susan D. Mona Center	200,000
Tabernacle Church of Laurel – gymnasium	25,000
The Arc of Prince George’s County	275,000
The Children’s Guild, Inc. – College Park Early Learning Center	250,000
The Ivy Village Incubator for Nonprofit Excellence	180,000
The New Beginnings Community Development – computer lab	15,000
The Training Source, Inc.	250,000
	\$22,579,000

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

Cheltenham Veterans Cemetery – expansion (federal funds)	\$2,000,000
Cheltenham Veterans Cemetery – expansion and improvements	1,360,000
	\$3,360,000

Department of Juvenile Services

Cheltenham Youth Facility – new detention center	\$1,631,000
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Department of Natural Resources

Fort Washington Marina – dock removal	\$99,500
Fort Washington Marina – maintenance and improvements	125,000
	\$224,500

Maryland Environmental Service

Cheltenham Youth Center – wastewater treatment plant	\$5,105,000
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University System of Maryland

Bowie State – campuswide boiler and chiller replacement	\$1,500,000
Bowie State – Natural Sciences Center	71,229,000
College Park – Bioengineering Building	134,015,000
College Park – Brendan Iribe Center for Computer Science and Innovation	104,550,000
College Park – campuswide computing network infrastructure improvements	1,017,000
College Park – campuswide infrastructure improvements	10,000,000
College Park – Chemistry Building	2,700,000
College Park – Cole Field House	34,059,000
College Park – Edward St. John Learning and Teaching Center	70,750,000
College Park – Human Performance and Academic Research Facility	2,000,000
College Park – School of Public Policy	5,000,000
	\$436,820,000

Other

University of Maryland Medical System – Capital Region Medical Center	\$116,800,000
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Queen Anne’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$21,623	\$22,050	\$22,301	\$22,527
Compensatory Education	5,140	5,124	5,140	5,066
Student Transportation	3,312	3,335	3,377	3,438
Special Education	2,127	2,024	1,994	2,000
Limited English Proficiency Grants	502	498	572	686
Declining Enrollment Grants	0	0	22	0
Geographic Cost of Education Index	286	572	576	586
Aging Schools	50	0	50	50
Prekindergarten Grants	112	73	294	429
Other Education Aid	896	721	727	1,123
<i>Primary and Secondary Education</i>	<i>\$34,049</i>	<i>\$34,397</i>	<i>\$35,051</i>	<i>\$35,906</i>
Libraries	\$144	\$157	\$170	\$175
Community Colleges	1,877	1,969	1,917	2,156
Health Formula Grant	496	575	628	618
Transportation ¹	917	910	1,095	1,451
Police and Public Safety ¹	405	517	434	435
Fire and Rescue Aid ¹	268	300	300	300
Recreation and Natural Resources	154	152	261	390
Other Direct Aid	47	8	0	0
Total Direct Aid	\$38,357	\$38,986	\$39,857	\$41,431
Aid Per Capita (\$)	\$780	\$783	\$801	\$832
Property Tax Equivalent (\$)	0.50	0.50	0.50	0.51

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 2016 through 2019 State payments for Queen Anne's County for teachers, librarians, and community college faculty are estimated to be \$25,811,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$19,199	\$20,856	\$21,546	\$22,276
Family Health and Chronic Disease	429	388	389	391
Developmental Disabilities	3,107	2,277	2,481	2,598
Behavioral Health Services	3,551	3,229	4,287	4,426
Total	\$26,286	\$26,750	\$28,703	\$29,691
Social Services				
Homeless Services	3	11	10	10
Women's Services	19	21	20	22
Adult Services	7	18	47	135
Child Welfare Services	1,266	1,326	976	987
Foster Care	631	464	418	420
Temporary Cash Assistance	37	84	59	25
Total	\$1,963	\$1,924	\$1,530	\$1,599
Senior Citizen Services				
Long-term Care	112	112	112	105
Community Services	31	31	31	31
Total	\$143	\$143	\$143	\$136

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

Bayside Elementary School – renovations (generator)	\$166,000
Church Hill Elementary School – renovations (chiller)	107,000
Church Hill Elementary School – renovations (roof)	134,000
Grasonville Elementary School – construction	1,208,000
Grasonville Elementary School – renovations (fire safety)	115,000
Kent Island High School – renovations (chiller/cooling tower)	699,000
Kent Island High School – renovations (fire safety/EMS)	831,000
Sudlersville Elementary School – renovations (roof/doors)	250,000
	\$3,510,000

Public Libraries

Kent Island Library – construction	\$325,000
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Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	\$646,000
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Shelter and Transitional Housing Facilities

Our Haven	\$626,766
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Community Parks and Playgrounds

Little Queenstown Creek – boardwalk and kayak launch	\$120,000
Roosevelt Park	136,000
Town Center Park	24,000
Wharf Park	198,000
	\$478,000

Waterway Improvement

Centreville Wharf – boat slip improvements	\$85,000
Chesapeake Heritage and Visitor Center – bulkhead replacement and dredging	202,500
Corsica River – dredging	300,000
Crumpton Landing – boat ramp improvements	50,000
Grasonville Volunteer Fire Department – purchase thermal imaging camera	10,000
Kent Island Volunteer Fire Department – purchase fire/rescue boat	34,500
Kent Narrows – maintenance dredging	900,000

Matapeake Public Landing – resurface parking area	70,000
Prices Creek – maintenance dredging	800,000
Public boating facilities – countywide maintenance and improvements	50,000
United Communities Volunteer Fire Department – fire/rescue equipment	5,000
	\$2,507,000

Other Projects

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

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Matapeake Marine Terminal – dredge material site reclamation	\$350,000
Matapeake Marine Terminal – purchase police patrol boat	100,000
Matapeake Marine Terminal – replace gas dock and fuel system	70,000
	\$520,000

Maryland Environmental Service

Eastern Pre-Release Facility – wastewater treatment plant improvements	\$4,582,000
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St. Mary’s County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$68,835	\$69,981	\$72,516	\$73,565
Compensatory Education	17,001	17,178	18,044	18,259
Student Transportation	6,796	6,864	7,029	7,125
Special Education	5,640	5,798	6,139	6,243
Limited English Proficiency Grants	841	853	903	1,039
Geographic Cost of Education Index	118	236	240	242
Adult Education	59	0	0	0
Aging Schools	50	0	50	50
Prekindergarten Grants	0	0	44	64
Other Education Aid	797	663	664	692
Primary and Secondary Education	\$100,137	\$101,572	\$105,631	\$107,279
Libraries	\$636	\$666	\$719	\$772
Community Colleges	2,803	2,917	3,084	3,130
Health Formula Grant	966	1,065	1,078	1,092
Transportation ¹	1,272	1,279	1,524	2,039
Police and Public Safety ¹	881	976	941	958
Fire and Rescue Aid ¹	268	300	300	300
Recreation and Natural Resources	291	287	493	725
Other Direct Aid	122	150	0	0
Total Direct Aid	\$107,375	\$109,211	\$113,769	\$116,296
Aid Per Capita (\$)	\$960	\$969	\$1,010	\$1,032
Property Tax Equivalent (\$)	0.88	0.89	0.91	0.92

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 2016 through 2019 State payments for St. Mary's County for teachers, librarians, and community college faculty are estimated to be \$55,630,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$46,076	\$51,933	\$54,657	\$56,513
Family Health and Chronic Disease	519	520	504	505
Developmental Disabilities	6,201	7,652	8,337	8,730
Behavioral Health Services	9,627	10,537	9,815	10,178
Total	\$62,423	\$70,642	\$73,313	\$75,926
Social Services				
Homeless Services	82	54	82	84
Women's Services	135	109	111	115
Adult Services	25	43	78	122
Child Welfare Services	2,639	2,671	2,407	2,248
Foster Care	3,401	3,328	3,150	3,170
Temporary Cash Assistance	279	486	410	176
Total	\$6,561	\$6,691	\$6,238	\$5,915
Senior Citizen Services				
Long-term Care	136	137	146	138
Community Services	79	60	58	58
Total	\$215	\$197	\$204	\$196

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

Fairlead Academy (Leonardtown High School) – state-owned relocatable	\$238,000
Great Mills High School – renovations (roof)	850,000
Green Holly Elementary School – renovations (roof)	859,000
Hollywood Elementary School – renovations (HVAC/roof/fire safety)	2,660,000
Park Hall Elementary School – renovations (HVAC/roof)	2,793,000
Piney Point Elementary School – renovations (roof)	947,000
Spring Ridge Middle School – construction	7,103,000
	\$15,450,000

Public Libraries

Leonardtown Library – construction	\$1,591,000
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College of Southern Maryland

Campuswide – technology infrastructure upgrades	\$4,243,000
Hughesville – Health Sciences Center	10,633,000
	\$14,876,000

Local Jails and Detention Centers

County Detention Center – housing and medical units upgrades	\$731,000
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Senior Center Capital Grant Program

Garvey Senior Activity Center	\$800,000
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Community Parks and Playgrounds

Fireman’s Park and Heritage Museum	\$125,000
Leonardtown Wharf	30,000
Robert Miedzinski Park Playground	200,000
	\$355,000

Waterway Improvement

Leonardtown Wharf – construct transient boat slips	\$199,000
Public boating facilities – countywide maintenance	125,000
Ridge Volunteer Fire Department – purchase side scan sonar for fire boat	14,000
St. Inigoes Landing – replace bulkhead	99,000
	\$437,000

Energy-Water Infrastructure Program

Marley-Taylor WWTP – methane co-generator upgrade	\$945,000
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Coastal Resiliency Program

St. Catherine’s Island – shoreline improvements	\$625,000
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Other Projects

Innovative Center for Autonomous Systems	\$1,250,000
Sotterly Plantation	100,000
St. Clement’s Island North Pier	100,000
St. Mary’s Nursing Center	75,000
	\$1,525,000

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

Point Lookout State Park – charge collection/water system improvements	\$493,000
Point Lookout State Park – lighthouse restoration	3,602,000
Point Lookout State Park – re-deck marina boardwalk and piers	125,000
St. Clements Island State Park – re-deck lighthouse piers	150,000
St. Clements Island State Park – shore erosion control	69,000
St. Mary’s River State Park – improvements	400,000
	\$4,839,000

Maryland Environmental Service

Charlotte Hall Veterans Home – wastewater treatment plant improvements	\$1,000,000
St. Mary’s College – water distribution and treatment facilities improvements	100,000
	\$1,100,000

Historic St. Mary’s City Commission

Dove Pier	\$850,000
Farthing’s Ordinary Complex – Pavilion	277,000
Maryland Dove	2,500,000
Maryland Heritage Interpretive Center	1,000,000
Visitor Center	155,000
	\$4,782,000

St. Mary’s College

Academic Building and Auditorium – construction	\$15,232,000
Anne Arundel Hall – reconstruction	10,072,740
Campuswide – infrastructure improvements	3,305,000
	\$28,609,740

University System of Maryland

Southern Maryland Regional Higher Education Center	\$3,511,000
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Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$13,492	\$13,636	\$14,435	\$14,208
Compensatory Education	8,879	9,453	10,276	10,117
Student Transportation	1,855	1,869	1,910	1,939
Special Education	1,754	1,698	1,785	1,766
Limited English Proficiency Grants	513	569	635	666
Guaranteed Tax Base	1,334	1,286	1,732	1,711
Declining Enrollment Grants	0	0	0	302
Adult Education	237	182	182	182
Aging Schools	38	0	38	38
Prekindergarten Grants	330	330	779	1,273
Other Education Aid	501	403	386	397
Primary and Secondary Education	\$28,933	\$29,426	\$32,159	\$32,599
Libraries	\$277	\$277	\$287	\$303
Community Colleges	719	872	838	836
Health Formula Grant	496	579	579	589
Transportation ¹	653	634	748	944
Police and Public Safety ¹	234	413	240	243
Fire and Rescue Aid ¹	280	311	309	309
Recreation and Natural Resources	70	69	118	172
Disparity Grant	4,908	4,908	4,908	5,176
Teachers Retirement Supplemental Grant	382	382	382	382
Other Direct Aid	75	83	0	467
Total Direct Aid	\$37,027	\$37,954	\$40,569	\$42,021
Aid Per Capita (\$)	\$1,433	\$1,464	\$1,565	\$1,621
Property Tax Equivalent (\$)	2.56	2.65	2.83	2.95

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 2016 through 2019 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be \$11,288,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$23,410	\$25,953	\$26,849	\$27,760
Family Health and Chronic Disease	580	564	559	571
Developmental Disabilities	5,651	2,779	3,027	3,170
Behavioral Health Services	4,385	4,336	6,703	6,895
Total	\$34,026	\$33,632	\$37,138	\$38,396
Social Services				
Homeless Services	0	6	4	4
Women's Services	97	94	48	50
Adult Services	14	30	60	146
Child Welfare Services	1,567	1,692	1,576	1,426
Foster Care	1,091	999	867	872
Temporary Cash Assistance	104	193	142	61
Total	\$2,873	\$3,014	\$2,697	\$2,559
Senior Citizen Services				
Long-term Care	519	509	533	503
Community Services	318	338	257	257
Total	\$837	\$847	\$790	\$760

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

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

Crisfield High School – construction	\$1,771,000
Greenwood Elementary School – renovations (HVAC)	880,000
J.M. Tawes Technology and Career Center – construction	32,220,000
Princess Anne Elementary School – renovations (roof)	1,342,000
	\$36,213,000

African American Heritage Preservation Grant Program

John Wesley Methodist Episcopal Church	\$140,000
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Community Parks and Playgrounds

Kayak Pocket Park	\$28,000
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Chesapeake Bay Water Quality Projects

Smith Island WWTP – nutrient removal	\$1,944,000
Smith Island WWTP – upgrades	500,000
	\$2,444,000

Chesapeake Bay Restoration Fund

Smith Island WWTP – enhanced nutrient removal	\$1,900,000
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Waterway Improvement

Crisfield – Brick Kiln Pier deck replacement	\$22,000
Crisfield – Brick Kiln Pier pilings removal	15,500
Crisfield – City Depot bulkhead walkway	12,000
Crisfield – public boating facilities maintenance	39,000
Public boating facilities – countywide maintenance	100,000
Rumbley Harbor – dock and retaining walls replacement	99,000
Rumbley Point – replace boat ramp and bulkhead	99,000
Shelltown – replace boat ramp and bulkhead	198,000
Smith Island – Ewell dock repairs	50,000
Tylerton – replace boat ramp	99,000
Webster’s Cove Marina – replace bulkhead	99,000
	\$832,500

Energy-Water Infrastructure Program

Princess Anne WWTP – pumps/blowers replacement	\$652,800
Princess Anne WWTP – solar power	800,000
	\$1,452,800

Coastal Resiliency Program

Deal Island – shoreline improvements	\$1,265,000
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Other Projects

Edward W. McCready Hospital	\$239,000
St. Luke’s Preschool	20,000
Teackle Mansion and the Sarah Martin Done House	100,000
	\$359,000

D. Capital Projects for State Facilities in the County

Department of Public Safety and Correctional Services

Eastern Correctional Institution – hot water system improvements	\$6,870,000
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Department of Natural Resources

Janes Island State Park – cabin replacement and site work	\$1,525,000
Somers Cove Marina – maintenance and upgrades	400,000
Wellington WMA – building renovation	1,746,000
	\$3,671,000

Maryland Environmental Service

Eastern Correctional Institution – co-generation plant upgrades	\$3,678,000
Eastern Correctional Institution – wastewater treatment plant upgrade	22,573,000
Eastern Correctional Institution – water tower	320,000
	\$26,571,000

University System of Maryland

Eastern Shore – Engineering and Aviation Science Building	\$6,498,000
Eastern Shore – School of Pharmacy and Allied Health Professions	6,548,000
	\$13,046,000

Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$4,559	\$4,597	\$4,543	\$4,669
Compensatory Education	4,892	5,129	5,063	5,357
Student Transportation	1,609	1,644	1,671	1,732
Special Education	975	1,032	1,034	1,127
Limited English Proficiency Grants	834	805	789	895
Declining Enrollment Grants	0	0	133	0
Adult Education	493	524	524	524
Aging Schools	38	0	38	38
Other Education Aid	544	490	486	516
<i>Primary and Secondary Education</i>	<i>\$13,945</i>	<i>\$14,221</i>	<i>\$14,283</i>	<i>\$14,859</i>
Libraries	\$108	\$109	\$113	\$116
Community Colleges	1,780	1,740	1,817	1,849
Health Formula Grant	388	486	605	569
Transportation ¹	1,524	1,520	1,661	1,930
Police and Public Safety ¹	403	1,127	422	422
Fire and Rescue Aid ¹	300	317	319	319
Recreation and Natural Resources	162	160	274	410
Other Direct Aid	0	525	0	0
Total Direct Aid	\$18,609	\$20,205	\$19,493	\$20,473
Aid Per Capita (\$)	\$500	\$545	\$525	\$552
Property Tax Equivalent (\$)	0.22	0.24	0.23	0.24

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 2016 through 2019 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be \$15,296,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$19,798	\$21,451	\$22,097	\$22,845
Family Health and Chronic Disease	417	411	418	416
Developmental Disabilities	3,654	2,406	2,621	2,745
Behavioral Health Services	3,823	3,753	4,852	5,003
Total	\$27,692	\$28,021	\$29,988	\$31,009
Social Services				
Homeless Services	26	28	26	27
Women's Services	19	21	20	22
Adult Services	8	25	49	77
Child Welfare Services	1,703	1,697	1,336	1,290
Foster Care	1,009	1,039	923	929
Temporary Cash Assistance	33	76	59	25
Total	\$2,798	\$2,886	\$2,413	\$2,370
Senior Citizen Services				
Long-term Care	350	351	351	331
Community Services	112	111	97	98
Total	\$462	\$462	\$448	\$429

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

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

Easton Elementary School – construction	\$8,390,040
Easton Elementary School – renovations (roof)	308,000
	\$8,698,040

Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	\$646,000
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Community Health Facilities Grant Program

Channel Marker, Inc.	\$250,000
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Senior Center Capital Grant Program

St. Michaels Family YMCA and Senior Center	\$800,000
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African American Heritage Preservation Grant Program

Asbury Methodist Episcopal Church	\$267,000
Bethel African Methodist Episcopal Church	114,000
St. Stephens African Methodist Episcopal Church	100,000
	\$481,000

Community Parks and Playgrounds

Nace's Park	\$106,000
Oxford Causeway Park	50,000
	\$156,000

Chesapeake Bay Water Quality Projects

Oxford WWTP – nutrient removal	\$2,010,000
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Water Supply Financial Assistance Program

Trappe – water main replacement	\$596,000
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Waterway Improvement

Back Creek Park – facility improvements	\$95,000
Back Creek Park – San Domingo Creek dredging	36,000
Dogwood Harbor – maintenance dredging	100,000
Oxford – public boating facilities improvements	175,000
Public boating facilities – countywide maintenance	50,000
St. Michaels – public boating facilities improvements	50,000
Tongers Basin – maintenance dredging	100,000
	\$606,000

Energy-Water Infrastructure Program

Easton WWTP – photovoltaic system installation	\$3,000,000
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Other Projects

Avalon Theatre	\$200,000
Chesapeake Bay Maritime Museum	750,000
Phillips Wharf Aquaculture Jobs Training Center	50,000
St. Michaels Family YMCA Senior Center	500,000
	\$1,500,000

D. Capital Projects for State Facilities in the County

Maryland Military Department

Easton Readiness Center	\$4,358,000
Easton Readiness Center (federal funds)	16,466,000
	\$20,824,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$98,673	\$100,354	\$103,361	\$105,523
Compensatory Education	42,859	42,914	44,799	45,484
Student Transportation	7,101	7,217	7,378	7,421
Special Education	8,270	8,606	9,096	9,398
Limited English Proficiency Grants	1,974	1,871	1,935	2,429
Guaranteed Tax Base	4,944	5,632	6,591	7,076
Adult Education	171	160	160	160
Aging Schools	135	0	135	135
Prekindergarten Grants	336	433	477	697
Other Education Aid	1,759	1,395	1,653	1,579
<i>Primary and Secondary Education</i>	<i>\$166,220</i>	<i>\$168,581</i>	<i>\$175,586</i>	<i>\$179,902</i>
Libraries	\$1,206	\$1,238	\$1,294	\$1,361
Community Colleges	8,874	9,371	9,400	9,503
Health Formula Grant	1,625	1,797	1,889	1,887
Transportation ¹	3,003	2,822	3,310	4,033
Police and Public Safety ¹	1,391	1,598	1,513	1,524
Fire and Rescue Aid ¹	305	341	340	340
Recreation and Natural Resources	457	451	774	1,129
Disparity Grant	1,516	1,607	1,660	1,903
Other Direct Aid	116	7	0	0
Total Direct Aid	\$184,713	\$187,812	\$195,766	\$201,580
Aid Per Capita (\$)	\$1,233	\$1,247	\$1,300	\$1,339
Property Tax Equivalent (\$)	1.48	1.49	1.53	1.54

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 2016 through 2019 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be \$74,757,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county’s share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$100,397	\$112,519	\$118,555	\$122,580
Family Health and Chronic Disease	566	595	585	555
Developmental Disabilities	21,087	29,502	32,140	33,656
Behavioral Health Services	18,066	18,795	21,803	22,566
Total	\$140,116	\$161,411	\$173,083	\$179,357
Social Services				
Homeless Services	150	173	110	149
Women’s Services	217	214	199	209
Adult Services	64	167	290	337
Child Welfare Services	6,238	6,317	4,787	4,620
Foster Care	6,562	5,744	5,633	5,669
Temporary Cash Assistance	410	790	616	264
Total	\$13,641	\$13,405	\$11,635	\$11,248
Senior Citizen Services				
Long-term Care	265	265	267	254
Community Services	98	107	150	198
Total	\$363	\$372	\$417	\$452

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

Boonsboro Elementary School – renovations (HVAC)	\$1,132,000
Boonsboro Middle School – renovations (roof)	1,276,000
Cascade Elementary School – renovations (roof)	621,000
Clear Spring Elementary School – renovations (roof)	627,000
Clear Spring High School – renovations (roof)	1,168,000
Fountain Rock Elementary School – renovations (roof)	401,000
Fountaindale Elementary School – renovations (HVAC)	1,819,000
Funkstown Elementary School – renovations (roof)	298,000
Hancock Middle/High School – renovations (HVAC)	1,819,000
Jonathan Hager Elementary School – construction	683,000
Northern Middle School – renovations (electrical)	146,000
Sharpsburg Elementary School – construction	6,511,000
South Hagerstown High School – renovations (roof)	915,000
Urban Educational Campus – construction	5,531,115
West City Elementary School – construction	4,938,000
	\$27,885,115

Public Libraries

Hancock Library – construction	\$300,000
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Hagerstown Community College

Center for Business and Entrepreneurial Studies	\$278,000
Central Plant – expansion	2,125,000
Learning Resource Center – renovation	1,918,000
SMART House/Energy Efficiency Training Center	1,088,000
Student Center – parking lot construction	448,000
	\$5,857,000

Community Health Facilities Grant Program

Way Station, Inc.	\$270,000
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Federally Qualified Health Centers Grant Program

Walnut Street Community Health Center, Inc.	\$252,000
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Community Parks and Playgrounds

Byron Memorial Park	226,000
City Park	100,000
Shafer Park	215,000
Veterans Park	10,000
	\$551,000

Chesapeake Bay Water Quality Projects

Hagerstown Collection System – rehabilitation	\$300,000
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Water Supply Financial Assistance Program

Funkstown – water meter replacement/leak repairs	\$227,000
R.C. Wilson Water Treatment Plant – improvements	691,000
Smithsburg – mixers and auto flushers	70,000
	\$988,000

Hazardous Substance Cleanup Program

Fairchild Republic – reactive monitoring wells	\$125,000
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Energy-Water Infrastructure Program

Hagerstown – water pumping improvements	\$842,940
Hagerstown WWTP – mixer motor replacement	82,000
Keedysville – water storage tank heating upgrades	19,336
	\$944,276

Other Projects

Blind Industries & Services of Maryland – Hagerstown Paper & Plastic Plant	\$1,000,000
C&O Canal National Park – Cushwa Basin Area	100,000
Doey’s House	100,000
Hagerstown – urban improvement project	950,000
National Road Museum	50,000
Robert W. Johnson Community Center	50,000
Smithsburg Town Hall Tower	12,000
The Maryland Theatre	2,000,000
Thomas Kennedy Memorial Park	300,000
Williamsport American Legion Post 202 – World War II Monument	65,000
	\$4,627,000

D. Capital Projects for State Facilities in the County**Department of Public Safety and Correctional Services**

Correctional Institution Hagerstown – perimeter security upgrade	\$1,042,000
Correctional Training Center – replace windows and heating systems	2,723,000
	\$3,765,000

Department of Natural Resources

Albert Powell Fish Hatchery – improvements	\$657,000
C&O Canal National Park – boating facilities maintenance	50,000
Greenbriar State Park – pier replacement	50,000
Greenbrier State Park – boating facility improvements	75,000
National Park Service – Four Locks boat ramp maintenance	183,427
	\$1,015,427

Maryland Environmental Service

Greenbrier State Park – water storage tanks	\$339,000
Maryland Correctional Institution – wastewater treatment plant improvements	7,949,000
	\$8,288,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$70,825	\$73,230	\$74,765	\$75,747
Compensatory Education	40,086	42,669	44,370	44,251
Student Transportation	5,242	5,278	5,341	5,379
Special Education	7,481	8,134	8,142	7,986
Limited English Proficiency Grants	4,009	4,251	4,867	5,993
Guaranteed Tax Base	4,946	6,018	6,568	7,090
Adult Education	318	319	320	320
Aging Schools	107	0	107	107
Prekindergarten Grants	280	147	147	215
Other Education Aid	1,109	1,159	979	1,202
Primary and Secondary Education	\$134,403	\$141,206	\$145,605	\$148,289
Libraries	\$971	\$1,001	\$1,051	\$1,091
Community Colleges	5,013	5,056	5,107	5,627
Health Formula Grant	1,132	1,307	1,347	1,355
Transportation ¹	2,347	2,536	2,678	3,229
Police and Public Safety ¹	1,066	1,599	1,117	1,125
Fire and Rescue Aid ¹	297	332	336	336
Recreation and Natural Resources	305	301	517	753
Disparity Grant	7,364	7,645	8,233	8,970
Teachers Retirement Supplemental Grant	1,568	1,568	1,568	1,568
Other Direct Aid	29	6	0	0
Total Direct Aid	\$154,493	\$162,557	\$167,559	\$172,344
Aid Per Capita (\$)	\$1,506	\$1,579	\$1,628	\$1,674
Property Tax Equivalent (\$)	2.53	2.65	2.67	2.68

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 2016 through 2019 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be \$52,099,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$81,539	\$87,008	\$90,848	\$93,930
Family Health and Chronic Disease	876	855	845	801
Developmental Disabilities	16,693	16,556	18,036	18,887
Behavioral Health Services	13,414	12,948	15,584	16,149
Total	\$112,522	\$117,367	\$125,313	\$129,767
Social Services				
Homeless Services	50	26	54	56
Women's Services	97	94	48	50
Adult Services	13	21	24	22
Child Welfare Services	3,512	3,460	2,851	2,752
Foster Care	1,644	1,965	2,132	2,146
Temporary Cash Assistance	339	572	429	184
Total	\$5,655	\$6,138	\$5,538	\$5,210
Senior Citizen Services				
Long-term Care	519	509	533	503
Community Services	318	338	257	257
Total	\$837	\$847	\$790	\$760

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

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

Delmar Elementary School – construction	\$4,616,631
East Salisbury Elementary School – renovations (roof)	1,099,000
Glen Avenue Elementary School – renovations (roof)	1,646,000
Parkside High School – renovations (HVAC/mechanical/ceilings/lighting)	9,182,280
Parkside High School – renovations (mechanical/HVAC)	4,613,000
West Salisbury Elementary School – construction	15,519,000
Wicomico Middle School – renovations (HVAC)	1,728,000
Wicomico Middle School – renovations (roof)	1,218,000
	\$39,621,911

Public Libraries

Salisbury Library – renovation	\$465,000
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Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	\$4,261,000
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Federally Qualified Health Centers Grant Program

Three Lower Counties Community Services, Inc.	\$1,388,000
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African American Heritage Preservation Grant Program

Charles H. Chipman Cultural Center	\$178,000
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Community Parks and Playgrounds

Cherry Beach	\$13,000
Gordy Park	45,000
Mason-Dixon Sports Complex	104,000
Pittsville Playground	109,000
Salisbury Skatepark	180,000
Waterside Park	121,000
	\$572,000

Water Supply Financial Assistance Program

Pittsville – water treatment plant upgrade	\$163,000
Wicomico Regional Airport – water extension	1,500,000
	\$1,663,000

Waterway Improvement

Cedar Hill Marina – replace bulkhead and finger pier	\$198,000
Mardela Springs – boat ramp improvements	20,000
Salisbury – marina facility improvements	50,000
Salisbury – replace Riverside Drive boat ramp	99,000
	\$367,000

Energy-Water Infrastructure Program

Delmar – Pine Street Pump Station pump replacement	\$100,000
Pittsville – systemwide water pressure reduction	151,500
Salisbury – Salisbury Park WTP pump replacement	132,000
Sharptown WWTP – blower upgrades	100,000
Sharptown WWTP – solar power installation	500,000
	\$983,500

Other Projects

Arthur Perdue Stadium	\$2,125,000
Habitat for Humanity of Wicomico County	100,000
Lower Shore Clinic – Day Program for Seniors with Disabilities Facility	100,000
Rotary Club of Salisbury Foundation, Inc. – Rotary Labyrinth	100,000
Salisbury – infrastructure upgrades	1,500,000
Tri-County Multi-Purpose Center	100,000
Ward Museum of Wildfowl Art	300,000
	\$4,325,000

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

Salisbury District Court/Multi-Service Center	\$400,000
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Department of Agriculture

Salisbury Animal Health Laboratory	\$6,355,000
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University System of Maryland

Salisbury University – Academic Commons/Library	\$53,180,000
Salisbury University – Sea Gull Stadium turf field replacement	425,000
	\$53,605,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Foundation Aid	\$6,531	\$6,538	\$6,618	\$6,681
Compensatory Education	7,377	7,302	7,281	7,257
Student Transportation	2,981	3,016	3,075	3,105
Special Education	1,803	1,833	1,835	1,764
Limited English Proficiency Grants	372	367	347	380
Adult Education	200	152	152	152
Aging Schools	38	0	38	38
Prekindergarten Grants	0	0	110	161
Other Education Aid	516	468	468	500
Primary and Secondary Education	\$19,818	\$19,677	\$19,925	\$20,037
Libraries	\$147	\$150	\$155	\$159
Community Colleges	2,104	2,237	2,269	2,430
Health Formula Grant	442	704	901	840
Transportation ¹	1,561	1,492	1,692	2,098
Police and Public Safety ¹	648	1,315	768	829
Fire and Rescue Aid ¹	344	384	382	382
Recreation and Natural Resources	288	284	488	565
Gaming Impact Aid	3,163	3,476	3,724	4,050
Other Direct Aid	622	148	0	0
Total Direct Aid	\$29,137	\$29,868	\$30,304	\$31,390
Aid Per Capita (\$)	\$566	\$578	\$586	\$607
Property Tax Equivalent (\$)	0.20	0.20	0.19	0.20

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 2016 through 2019 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be \$29,109,000.

B. Estimated State Spending on Selected Health and Social Services

The Department of Aging, the Department of Health, 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. Note that for many programs, the amounts shown for fiscal 2019 are based on the county's share of prior year funding (fiscal 2018) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	(\$ in Thousands)			
Health Services				
Medicaid	\$29,648	\$33,056	\$34,392	\$35,557
Family Health and Chronic Disease	585	598	604	611
Developmental Disabilities	2,324	2,056	2,240	2,345
Behavioral Health Services	6,757	6,950	7,550	7,757
Total	\$39,314	\$42,660	\$44,786	\$46,270
Social Services				
Homeless Services	20	26	20	21
Women's Services	121	119	72	75
Adult Services	11	27	49	44
Child Welfare Services	1,773	1,739	1,627	1,551
Foster Care	1,296	1,416	1,547	1,557
Temporary Cash Assistance	46	87	83	36
Total	\$3,267	\$3,414	\$3,398	\$3,284
Senior Citizen Services				
Long-term Care	519	509	533	503
Community Services	318	338	257	257
Total	\$837	\$847	\$790	\$760

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

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

Showell Elementary School – construction	\$4,336,000
Snow Hill High School – construction	72,000
	\$4,408,000

Public Libraries

Berlin Library – construction	\$1,837,000
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Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	\$4,261,000
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Community Health Facilities Grant Program

Joan W. Jenkins Foundation, Inc.	\$272,000
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Community Parks and Playgrounds

Cypress Creek Tennis Court	\$15,000
Gorman Park Pickleball Courts	115,000
Henry Park	96,000
Ocean City Boardwalk Playground	121,000
	\$347,000

Waterway Improvement

64th Street – channel dredging	\$200,000
Public boating facilities – countywide maintenance	25,000
Public Landing Marina – improvements	130,000
Shell Mill Road – parking area improvements	50,000
	\$405,000

Energy-Water Infrastructure Program

Pocomoke City – Clark Avenue Pump Station pumps/controls replacement	\$1,000,000
Snow Hill – Ironshire Pump Station pump replacement	16,500
	\$1,016,500

Other Projects

Atlantic General Hospital	\$1,984,000
Believe in Tomorrow Cottage By the Sea	100,000
Coastal Hospice, Inc.	500,000
Ocean City Convention Center	500,000
Pocomoke – Delmarva Discovery Center and Museum	300,000
Pocomoke Little League	75,000
	\$3,459,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Assateague State Park – replace bulkhead	\$225,000
Ocean City – beach replenishment	6,500,000
Pocomoke River State Park – Shad Landing pier improvements	100,000
	\$6,825,000

Part B

Taxes

Property Tax

Property Tax Administration

Physical Inspection of Real Property

Real property is valued and assessed once every three years. Prior to June 1, 2018, statute required that the assessments be based on a physical inspection; however, for practical purposes, this did not always happen, and properties that were not valued by a physical inspection within an assessment cycle were instead valued by the State Department of Assessments and Taxation (SDAT) using a variety of assessment techniques including computer modeling, sales analysis, and physical inspections.

Chapter 651 of 2018 repealed the requirement that SDAT value all real property based on an exterior physical inspection of the real property. Instead, *Chapter 651* required SDAT to value real property based on a review of each property in each three-year cycle. The review by SDAT must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale, and the inspection is deemed necessary by SDAT for purposes of market analysis; (4) the property owner requests a physical inspection as part of an active appeal; (5) SDAT is notified by a county finance officer that a substantially completed improvement has been made that adds at least \$1.0 million in value to the property; or (6) SDAT determines that a physical inspection is appropriate.

Property Tax Assessment Appeals

The property tax assessment appeal process typically begins with an appeal of the notice of assessment. These notices are mailed to property owners in late December by SDAT. An appeal may be filed with the supervisor of assessments within 45 days of the date of the notice. For properties that transfer after January 1 but before the beginning of the taxable year, the new owner has 60 days from the date of transfer to file an appeal regarding the property value or

classification. Following that appeal, the property owner receives a final notice. If the taxpayer is not satisfied with the outcome, the next appeal must be made to the Property Tax Assessment Appeal Board (PTAAB) within 30 days from the date of the final notice. A further appeal may be taken to the Maryland Tax Court within 30 days of receiving notice from the board. Any further appeals are made through the judicial system, including the circuit court, the Court of Special Appeals, and the Court of Appeals.

Chapter 487 of 2016 required that, for an appeal of a change in the value or classification of property that is transferred to a new owner after January 1 but before the beginning of the taxable year, a supervisor of assessments or the supervisor's designee must hold a hearing on the appeal by the later of (1) 90 days after receiving the written appeal or (2) 90 days after the deed evidencing the transfer is recorded.

Chapter 737 of 2016 required that before certain hearings on a property tax assessment appeal, SDAT must provide the taxpayer making the appeal with certain information used by SDAT to value the property, including the assessment worksheet or card, the sales analysis for the neighborhood or property type, and a list of other comparable properties.

Chapter 537 of 2017 required the supervisor of assessments and PTAAB to hold a hearing on an appeal regarding the value or classification of owner-occupied residential real property no later than 120 days after receiving the appeal, unless the property owner requests a postponement. The supervisor of assessments must give written notice of the final value or classification of a dwelling to the person making the appeal no later than 60 days after the appeal hearing. PTAAB must send an order or notice of assessment of a dwelling to the person making the appeal no later than 30 days after making the appeal.

Chapter 529 of 2017 prohibited SDAT, when conducting a real property reassessment after an appeal, from automatically eliminating a reduction in an assessment of the property that was granted by PTAAB or the Maryland Tax Court. SDAT may eliminate a reduction in the assessment that was granted if the specific reason for the reduction no longer applies.

Chapter 530 of 2017 required the tax collector to whom property tax was paid to pay a full refund to a taxpayer within 30 days after SDAT provides notice to the tax collector that an appeal authority has issued a decision that reduces the assessed value of property. An appeal authority includes a supervisor, SDAT, PTAAB, the Maryland Tax Court, and any other court authorized to hear property tax appeals.

Homestead Property Tax Credit

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

Chapter 239 of 2017 extended the deadline by which Baltimore City and county governments (from November 15 to March 15) and municipalities (from November 25 to March 25) must set or alter the homestead property tax credit percentage in a taxable year and then notify SDAT of any changes. *Chapter 239* also authorized SDAT to recalculate the constant yield tax rate by April 15 if a county or municipality changes the homestead tax credit percentage. In addition, *Chapter 239* required assessment notices to include a statement that the taxable assessment may change if a county or municipality changes the homestead tax credit percentage, and that the final taxable assessment will be stated on the next property tax bill.

Chapter 781 of 2018 required SDAT to mail to each individual who acquires residential real property, and who indicates in the land records that the property will be their principal residence, a notice informing the individual that the individual may be eligible for the homestead property tax credit and how to apply for the tax credit.

Chapter 297 of 2018 required SDAT to identify homeowners who may be eligible for the homestead property tax credit but have failed to apply for the tax credit and include a separate insert with each assessment notice that is sent to these homeowners informing them that they may be eligible for the tax credit and how to apply for the tax credit.

Enterprise Zone Property Tax Credit

Businesses located or locating in an enterprise zone may receive a 10-year property tax credit against local real property taxes. The amount of the property tax credit is based on a specified percentage of assessment increases resulting from the value of real property improvements. During the course of the property tax credit period, SDAT is responsible for reimbursing local governments for 50% of the property tax revenue lost as a result of the credit.

Chapter 156 of 2016 altered the schedule for the State's reimbursement of its share of the enterprise zone property tax credit to a county or municipality. *Chapter 156* specified that a county or municipality must submit its annual request for State reimbursement of the tax credit to SDAT by June 30 of each year. SDAT is required to certify to the Comptroller the reimbursement due to each local government by July 31 of each year, and the Comptroller must make the reimbursement to each local government by August 31 of each year. If a county or municipality submits a request after June 30, SDAT and the Comptroller each have 30 days to certify and reimburse the amount.

Personal Property Taxes

In Maryland, there is a tax on business-owned personal property that is imposed and collected by local governments. Personal property generally includes business property such as furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. To provide for uniform assessments, SDAT is responsible for assessing all personal property. Each county or municipal government is responsible for issuing the tax bills and collecting the tax.

Senate Bill 590 and House Bill 480 of 2015 (both failed) were Administration bills that would have reduced personal property taxes paid by small businesses. As introduced, the bills

would have exempted a business that had business personal property with a total assessed value of \$10,000 or less from (1) the personal property tax; (2) filing a specified personal property tax report; and (3) the fee that is paid with the filing of the annual report. In addition, the State would have been required to remit to each county or municipality an amount equal to the following percentages of the tax that would have been collected if the personal property tax exemption had not been granted: (1) 100% in the first year; (2) 75% in the second year; (3) 50% in the third year; and (4) 0% in the fourth year and each year thereafter.

As amended by the Senate, *Senate Bill 590* would have exempted a business that owned or leased business personal property with a total assessed value of \$10,000 or less from the personal property tax for taxable years beginning after December 31, 2016.

Chapter 473 of 2016 authorized county and municipal governments to provide up to a 50% property tax credit for personal property that is owned or leased by a business entity that has been in operation for two years or less or has 15 employees or less. The credit does not apply to the operating property of a railroad or public utility.

Chapter 102 of 2018 provided an exemption from personal property valuation and taxation if all of a person's personal property statewide had a total original cost of less than \$2,500.

Homeowners' and Renters' Property Tax Credit Programs

The Homeowners' Property Tax Credit Program is a State-funded program (*i.e.*, the State reimburses local governments) providing credits against State and local real property taxes for homeowners who qualify based on a sliding scale of property tax liability and income. *Chapters 667 and 668 of 2016* required SDAT to provide the Comptroller with a list of owners of residential properties with an assessed value of \$300,000 or less who failed to claim the homeowners' property tax credit during the preceding three years. The Comptroller must (1) review the information provided by SDAT; (2) identify individuals who may be eligible but failed to claim the tax credit; and (3) provide the contact information of the identified individuals to SDAT. SDAT must then contact these individuals by mail to inform them on how to apply for the tax credit.

The Renters' Property Tax Credit Program provides relief for elderly or disabled renters from the burden of rent payments attributable to State and local real property taxes. It is not actually a tax credit but rather a payment directly to eligible renters to provide relief for the "assumed property tax" that renters indirectly pay as part of their rent. *Chapter 483 of 2016* altered the Renters' Property Tax Credit Program by (1) changing the percentages used to calculate the amount of the tax credit and (2) increasing the maximum credit allowed from \$750 to \$1,000.

Payments in Lieu of Taxes

Counties are authorized to enter into a payment in lieu of taxes (PILOT) agreement with the owner of an electricity generation facility that is located or locates in the county. The agreement must provide that (1) the owner pay to the county a specified amount each year in lieu of county property taxes and (2) all or a specified part of the real and personal property at the

facility be exempt from county property tax for the term of the agreement. *Chapter 69 of 2018* authorized municipalities to enter into a PILOT agreement with the owner of an electricity generation facility that is located or locates in the municipality. The agreement must provide that (1) the owner pay to the municipality a specified amount each year in lieu of municipal property taxes and (2) all or a specified part of the real and personal property at the facility be exempt from municipal property tax for the term of the agreement.

Statewide Local Option Property Tax Credits

Fallen Law Enforcement Officers and Surviving Spouses

Chapter 173 of 2017 authorized all county and municipal governments to expand an existing optional local property tax credit for a dwelling owned by the surviving spouse of a specified fallen law enforcement officer or rescue worker to include the cohabitant of a specified fallen law enforcement officer or rescue worker. In addition, *Chapter 173* increased the number of years, from 2 to 10, within which a disabled law enforcement officer or rescue worker or the surviving spouse of a fallen law enforcement officer or rescue worker must have acquired specified residential property in order to qualify for the property tax credit.

Public Safety Officers

Chapter 686 of 2017 authorized county and municipal governments to grant a property tax credit for a dwelling owned by a specified public safety officer. The amount of the property tax credit could not exceed \$2,500 and the amount of property tax imposed on the dwelling. SDAT was responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit.

Chapter 654 of 2018 repealed the requirement that SDAT administer the local property tax credit program for public safety officers that was established by *Chapter 686*. Instead, *Chapter 654* required that local governments administer the tax credit program. *Chapter 654* also 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.

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. The amount of the property tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to 5 years.

Chapter 184 of 2017 altered the eligibility criteria of the property tax credit by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard.

Chapters 309 and 310 of 2018 further altered the eligibility criteria of the property tax credit by adding the surviving spouse of a 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.

Promoting ext-Raordinary Innovation in Maryland’s Economy

Chapter 350 of 2018 was an Administration proposal that provided tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to the Department of Commerce a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures. A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, a qualifying business may receive the property tax credit proposed by the Act and a tax credit under the Businesses That Create New Jobs Tax Credit Program.

For a further discussion of *Chapter 350*, see the subpart “Income Tax” within Part B – Taxes of this *Major Issues Review*.

Tax Sales

Task Force to Study Tax Sales in Maryland

Chapters 615 and 616 of 2017 established the Task Force to Study Tax Sales in Maryland. The task force was required to (1) evaluate and assess the impact of tax sales in Maryland; (2) evaluate how tax sales are conducted in each county; (3) evaluate tax sales to collect delinquent water charges and alternative methods of collecting delinquent water charges; and (4) examine and make recommendations for reform of the tax sale process in Maryland. Several bills were introduced and passed during the 2018 legislative session that addressed some of the recommendations of the task force.

Chapter 568 of 2018 made multiple changes to the law governing tax sales for vacant and abandoned property in the State by expanding several provisions of law that are only applicable in Baltimore City to all counties and municipal corporations. *Chapter 568* authorized each county or municipal corporation to, among other things, release liens to facilitate transfer of vacant and abandoned properties for redevelopment, sell vacant and abandoned property for less than the total amount owed, and expedite the foreclosure of vacant and abandoned property. *Chapter 568* also authorized counties to withhold properties from tax sale that have been designated for redevelopment purposes.

Prior to the enactment of *Chapters 58 and 59 of 2018*, and except in Baltimore City, a tax collector was authorized to withhold from sale any property when the total taxes on the property, including interest and penalties, amounted to less than \$250 in any one year. In Baltimore City, the collector must withhold from sale owner-occupied residential property when the total taxes on the property, including interest and penalties, amount to less than \$750. *Chapters 58 and 59*

authorized a collector of property taxes to withhold from tax sale any residential property when the total taxes due, including interest and penalties, amount to less than \$750. **Chapters 58 and 59** also required that certain notices sent to property owners before and after a tax sale include a separate insert with information about free housing counseling and other programs that may assist homeowners in avoiding tax sale costs and foreclosure, including the homeowners' property tax credit.

Baltimore City

Chapter 114 of 2015 expanded redemption opportunities for owner-occupied residential property owners whose property is subject to sale for unpaid taxes or water and sewer liens in Baltimore City. **Chapter 114** required, rather than authorized, the tax collector in Baltimore City to withhold owner-occupied residential property from tax sale if the total taxes owed on the property, including interest and penalties, amount to less than \$750, rather than only \$250. The Mayor and City Council of Baltimore City may establish an installment payment plan process for delinquent taxes. **Chapter 114** also increased the minimum threshold from \$350 to \$750 before the Baltimore City government may sell an owner-occupied residential property solely to enforce a lien for unpaid water and sewer charges.

Chapter 714 of 2018 required the tax collector in Baltimore City to withhold residential property from tax sale if the taxes on the property consist only of a lien for unpaid water and sewer charges. **Chapter 714** also prohibited 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. **Chapter 714** terminates on December 31, 2019.

Prince George's County

Chapter 289 of 2015 authorized the governing body of Prince George's County to file a complaint to foreclose all rights of redemption in a vacant lot or in a property with a building that has been cited as vacant and unfit for habitation based on a housing or building violation notice at any time after the county becomes the purchaser by operation of law. **Chapter 289** also exempted the governing body of Prince George's County from issuing specified notices for such property.

Chapter 819 of 2017 required the tax collector in Prince George's County to conduct an additional limited auction, prior to the public auction, for any property to be sold for the collection of past due taxes. The limited auction must be open to bids only from an individual who is (1) an employee of the Prince George's County Public School System; (2) an employee of the Prince George's County Police Department; (3) an employee of the Prince George's County Fire Department; (4) an employee of the Prince George's County Office of the Sheriff; (5) an employee of the Prince George's County Department of Corrections; (6) an employee of the Prince George's County government; (7) an employee of the federal government; (8) an employee of a municipal government in Prince George's County; (9) a veteran of any branch of the Armed Forces of the United States who has received an honorable discharge; or (10) a resident of Prince George's County. A certificate of sale issued to a purchaser at a limited auction may not be assigned to another person.

Income Tax

Federal Tax Cuts and Jobs Act of 2017

The federal Tax Cuts and Jobs Act of 2017 (Public Law 115-97) was signed into law on December 22, 2017, and enacted significant changes to federal taxes, including the personal income tax. The Act reduces federal income taxes paid by many households primarily by (1) decreasing tax rates and taxing income at lower rates by altering the tax brackets; (2) expanding the child tax credit; and (3) roughly doubling the value of the standard deduction. In addition, some high-income households will pay less taxes due to (1) a reduction in the alternative minimum tax and (2) the repeal of a limitation on itemized deductions that can be claimed by certain high-income taxpayers.

The Act also reduces or eliminates several existing income tax benefits by (1) eliminating the benefit of the federal personal exemption; (2) eliminating or reducing certain itemized deductions; and (3) using an alternative method of adjusting income tax components for inflation. Most of the personal income tax provisions are in effect for tax years 2018 through 2025.

Several provisions impact State income taxes, including the elimination of miscellaneous deductions and a limitation on the value of the State and local taxes paid deduction. As a result of the increased value of the federal standard deduction, and that only those taxpayers who itemize for federal income tax purposes can itemize on their State income tax return, the Act also reduces the number of State taxpayers who itemize deductions.

In January 2018, the Comptroller's Office issued an analysis of the impact of the federal Tax Cuts and Jobs Act on Maryland taxpayers and State and local revenues. In its revised estimate issued in February 2018, the Comptroller's Office estimates that 71% of Maryland taxpayers will pay less in federal taxes, 13% will pay more, and the remaining 16% will not be impacted. In total, federal taxes paid by Maryland residents will decrease by \$2.75 billion – reflecting a decrease of \$3.54 billion paid by 2.0 million taxpayers and an increase of \$782 million paid by 376,000 taxpayers. The Comptroller's Office estimates that the federal legislation will not impact the State and local income taxes paid by 71% of all taxpayers. About 6% of taxpayers will pay less and about 23% will pay additional State and local income taxes. In total, the Comptroller's Office estimates that 9% of all taxpayers will have a net increase in federal, State, and local tax liabilities and the remaining 91% of taxpayers will have no change or a net decrease in federal, State, and local tax liabilities.

As a result, the Comptroller's Office estimated that the changes to the State personal income tax will result in net additional State revenues of \$403.9 million in fiscal 2019 and \$315.9 million in fiscal 2020. Local income tax revenues will increase by an estimated \$255.0 million in fiscal 2019 and \$199.0 million in fiscal 2020. A significant portion of the revenue gain is due to the shift in taxpayers who will now claim the standard deduction. *Chapters 576 and 577 of 2018* altered the value of the standard deduction beginning in tax year 2018 by increasing its maximum value from \$2,000 to \$2,250 for single taxpayers and from \$4,000 to \$4,500 for taxpayers filing jointly. Beginning in tax year 2019, the value of the standard

deduction is indexed based on the annual change in the cost of living. *Chapters 576 and 557* are estimated to decrease general fund revenues by \$56.6 million in fiscal 2019 and \$44.2 million in fiscal 2020.

Amazon.com Tax Incentives

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America and encouraged localities to submit proposals that described potential sites, incentive packages, and real estate opportunities. A reported 238 localities submitted proposals, and in January 2018, Amazon announced a list of 20 finalists that included Montgomery County.

Chapter 350 of 2018 established tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to Commerce a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures.

A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, *Chapter 350* allowed a business to receive both the property tax credit proposed by the Act and a tax credit under the Businesses That Create New Jobs Tax Credit Program.

If a business establishes a qualifying project, over time, the potential net impact on State finances will total an estimated \$5.6 billion decrease in revenues/increase in expenditures. Local revenues may decrease by a total of \$0.9 billion, for a combined total of \$6.5 billion in State and local incentives.

More Jobs for Marylanders Program

Chapter 149 of 2017 established the More Jobs for Marylanders Program, administered by the Department of Commerce (Commerce). A new manufacturing business that locates within certain counties may be entitled to a 10-year (1) income tax credit based on the number of jobs created at a qualifying facility; (2) State property tax credit equal to 100% of the tax imposed on the facility's real property; (3) sales and use tax refund for specified purchases; and (4) exemption from paying corporate filing fees. Existing manufacturing businesses located within the State may qualify for the 10-year income tax credit. The Act also allows any manufacturer located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and to claim any bonus depreciation amounts provided under Section 168(k) of the IRC. In addition to establishing manufacturing tax incentives, *Chapter 149* established an income tax credit for businesses that employ an eligible apprentice.

Film Production Activity Tax Credit

Maryland began offering financial assistance to encourage film production activities in 2001 and adopted the current film production activity tax credit beginning in 2012. A qualified film production entity that meets specified requirements and is approved by Commerce may receive a refundable tax credit of up to 27% of the qualified direct costs of a film production activity. The film production activity tax credit program was scheduled to terminate June 30, 2016.

Chapter 486 of 2015 repealed the termination date of the film production activity tax credit program and specified that the amount of credits that Commerce can award in each fiscal year beginning in fiscal 2017 cannot exceed the amount of money appropriated to a reserve fund established by the Act. *Chapter 486* stated that it is the intent of the General Assembly that the appropriation to the reserve fund equal the amount Commerce reports as necessary to maintain the current level of film production activity in the State and to attract new film production activity to the State. Commerce was also required to report annually a list of the businesses that directly provided goods or services to a film production entity that claimed the film production activity tax credit and (1) qualified as a Minority Business Enterprise under State procurement law and (2) are determined by Commerce to be a small business.

Chapter 595 of 2018 altered the film production activity tax credit by (1) eliminating the program's reserve fund; (2) requiring Commerce to reserve 10% of all tax credits in each fiscal year for qualified small or independent film entities; and (3) altering specified eligibility and reporting requirements. The Act specified that Commerce may award credits of up to (1) \$8 million in fiscal 2019; (2) \$11 million in fiscal 2020; (3) \$14 million in fiscal 2021; (4) \$17 million in fiscal 2022; and (5) \$20 million in fiscal 2023 and each fiscal year thereafter.

Paid Sick Leave Tax Credit

During the 2017 session, the General Assembly passed House Bill 1. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session, and the bill became law as *Chapter 1* in February 2018. *Chapter 1*, cited as the Maryland Healthy Working Families Act, required an employer with 15 or more employees to have a sick and safe leave policy under which an employee earns at least 1 hour of *paid* sick and safe leave at the same rate as the employee normally earns, for every 30 hours an employee works. An employer with 14 or fewer employees must have a sick and safe leave policy that provides an employee with at least *unpaid* sick and safe leave based on the same conditions that apply to an employer required to provide paid sick and safe leave.

To offset some of the costs incurred by small businesses for providing sick and safe leave, *Chapter 571 of 2018* created a refundable credit against the State income tax for a small business that employs 14 or fewer employees and provides paid sick and safe leave in accordance with the Maryland Healthy Working Families Act to a qualified employee who earns 250% or less of the annual federal poverty guidelines for a single-person household. The credit is the lesser of \$500 for each qualified employee or the total amount of paid earned sick and safe leave accrued by

qualified employees. Commerce may issue tax credit certificates not exceeding \$5 million annually beginning in tax year 2018.

Heritage Structure Rehabilitation Tax Credit

Chapter 578 of 2016 reestablished the Sustainable Communities Tax Credit Program as the Heritage Structure Rehabilitation Tax Credit Program, extended the termination date of the program through fiscal 2022, and required the Governor to include an appropriation for the commercial credit program in fiscal 2018 through 2022. The Act also altered certain program eligibility requirements and procedures.

Chapters 842 and 843 of 2018 altered the heritage structure rehabilitation tax credit program for commercial rehabilitations by (1) providing an additional 5% credit if the rehabilitation qualifies as affordable housing; (2) eliminating the existing requirement that the rehabilitations of multiple structures that are functionally related to serve an overall purpose are treated as a single rehabilitation; and (3) requiring that an initial credit certificate that expires or is otherwise unclaimed remains in the program reserve fund and can be reissued in the following fiscal year.

Education-related Tax Benefits

Student Loan Debt

Chapters 689 and 690 of 2016 established the student loan debt relief tax credit, which is a refundable income tax credit of up to \$5,000. The Maryland Higher Education Commission may approve up to \$5 million in credits in each year. *Chapter 382 of 2018* expanded eligibility for the tax credit by specifying that student loan debt includes graduate school debt.

Chapter 685 of 2017 expanded the existing subtraction modification for income resulting from the discharge of student loan debt by eliminating the requirement that only student loans that are discharged due to total and permanent disability or death qualify for the exclusion.

Education Savings Accounts

Chapters 689 and 690 of 2016 created a subtraction modification for certain account holders for contributions by the State to investment accounts, the proceeds of which are used for qualified higher education expenses at eligible educational institutions.

Chapter 197 of 2016 expanded eligibility for the college savings plan income tax subtraction modification by allowing each person who contributes funds to a qualified plan to claim the subtraction modification.

Teacher Expenses

Chapter 466 of 2018 created a subtraction modification for classroom supplies that are purchased by an elementary or secondary classroom teacher. The amount of the subtraction cannot

exceed \$250 of the unreimbursed expenses paid for classroom supplies used by students in the classroom or by the teacher for classroom teaching.

Other Tax Credit Legislation

New Tax Credits

In addition to passing the student loan debt relief, More Jobs for Marylanders, paid sick leave, and Amazon.com tax credits, the General Assembly passed seven other new tax credits during the 2015-2018 legislative term, as discussed below.

Venison Donation: Chapters 172 and 173 of 2018 created a tax credit against the State income tax for up to \$50 of the expenses incurred to butcher and process an antlerless deer for human consumption if the processed deer meat is donated to a venison donation program administered by a nonprofit organization.

Veteran Employees: Chapters 180 and 181 of 2017 created a tax credit against the State income tax for a small business that hires a qualified veteran employee. A small business may claim an income tax credit that may not exceed 30% of up to the first \$6,000 of wages paid to the qualified veteran employee during the first year of employment. A small business may not claim the credit for more than five qualified veteran employees in a taxable year, and a maximum of \$500,000 in credits may be issued annually by Commerce.

Food Donation Pilot Program: Chapters 232 and 233 of 2017 allowed a qualified farm located in Anne Arundel, Calvert, Charles, Montgomery, Prince George's, or St. Mary's counties to claim a nonrefundable tax credit against the State income tax for eligible food donations. The value of the credit is equal to 50% of the value of the eligible food donation (75% for certified organic produce), not to exceed \$5,000 in the taxable year. A maximum of \$250,000 in credits may be awarded annually in tax years 2017, 2018, and 2019.

Independent Living: Chapter 229 of 2017 created a tax credit against the State income tax for an individual that incurs qualified expenses to renovate an existing home with accessibility and universal visitability features to assist individuals with disabilities. The nonrefundable credit is equal to 50% of the qualified expenses, not to exceed \$5,000 per taxpayer, and \$1 million in aggregate credits may be approved by the Department of Housing and Community Development each year.

Energy Storage Systems: Chapter 389 of 2017 authorized a taxpayer that receives a tax credit certificate from the Maryland Energy Administration (MEA) to claim a credit against the State income tax for the costs of installing an energy storage system. The value of the credit is equal to 30% of the costs, not to exceed \$5,000 for a residential system or \$75,000 for a commercial system. MEA may issue a maximum of \$750,000 in tax credit certificates annually. The credit may be claimed for qualified systems installed between January 1, 2018, and December 31, 2022.

Aerospace, Electronics, or Defense Contract: Chapter 320 of 2016 created a tax credit against the State income tax for a business that is certified by Commerce as operating a qualifying aerospace, electronics, or defense contract tax credit project. Commerce may award a maximum of \$7.5 million in tax credits in each year to a business that is certified as meeting the requirements of the program.

Health Care Workforce Shortages: Chapters 385 and 386 of 2016 established tax credits against the State income tax for a licensed physician or nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. Each year, the Maryland Department of Health may issue up to \$100,000 for each of the physician preceptorship credits and nurse practitioner preceptorship credits.

Tax Credit Extensions, Expansions, or Alterations

Earned Income: Low-income workers can qualify for federal, State, and local earned income tax credits. ***Chapter 489 of 2015*** limited eligibility for the State and local earned income tax credits to State residents. ***Chapters 611 and 612 of 2018*** expanded eligibility for the State and local credits for individuals without a qualifying child by eliminating the requirement that an individual must be at least 25 years of age.

Biotechnology and Cybersecurity Investment: The biotechnology investment and cybersecurity investment tax credit programs provide tax credits for eligible investments in biotechnology and cybersecurity companies, respectively. ***Chapters 503 and 504 of 2016*** increased the value of each tax credit if the company in which an investment is made is located in Allegany, Dorchester, Garrett, or Somerset counties.

Chapters 475 and 476 of 2017 expanded eligibility for the biotechnology investment tax credit by specifying that a biotechnology company is a company that has been an active business for a maximum of (1) 12 years; (2) 12 years from the date the company first received a qualified investment under the program; or (3) 15 years if Commerce determines that the company needs additional time to complete the process of regulatory approval. ***Chapters 475 and 476*** also specified that a biotechnology company includes an entity that meets the specified requirements of the program within two months of receiving a qualified investment and provide for recapture of the credit if the entity does not satisfy this requirement.

Chapter 578 of 2018 extended through fiscal 2023 the termination date of the cybersecurity investment incentive tax credit. The Act also (1) altered the program by specifying that the investor who makes the qualifying investment in a Maryland cybersecurity company claims the tax credit instead of the cybersecurity company and (2) altered specified eligibility requirements. In addition, ***Chapter 578*** created a tax credit against the State income tax for a qualified buyer who purchases cybersecurity technology or services from a Maryland company that meets specified requirements. The amount of the credit is equal to 50% of the qualified cost of the technology or service, not to exceed \$50,000 for each qualified buyer. Commerce must administer the tax credit and may approve a maximum of \$2.0 million in credits in tax year 2018 and \$4.0 million in tax year 2019 and each tax year thereafter.

Oyster Shell Recycling: The oyster shell recycling income tax credit provides a nonrefundable tax credit against the State income tax for each bushel of oyster shells recycled during the taxable year. *Chapter 193 of 2015* increased the value of the credit from \$1.00 to \$5.00 for each bushel of oyster shells recycled during the taxable year. *Chapters 603 and 604 of 2018* increased the maximum amount of the tax credit that an individual or corporation may claim from \$750 per tax return to \$1,500 per tax return. Additionally, *Chapter 604* extended the termination date of the credit by five years to June 30, 2023, while *Chapter 603* extended the termination date of the credit by three years to June 30, 2021.

One Maryland: Generally, under the One Maryland Program, businesses that (1) establish or expand a business facility in a priority funding area; (2) are located in a qualified distressed county; and (3) are primarily engaged in specified business activities may be entitled to tax credits for costs related to the new or expanded facility. *Chapters 583 and 584 of 2018* made several changes to the One Maryland tax credit, including establishing tiered credit amounts and expanding geographic eligibility.

Employer Security Clearance Costs: Chapter 478 of 2012 established the Employer Security Clearance Costs Tax Credit program. The program allows a business to claim a tax credit against the State income tax for certain federal government security clearance expenses. *Chapter 240 of 2017* extended the termination date of the tax credit program through tax year 2021.

Class F Vehicles: The Budget Reconciliation and Financing Act of 2013 established an income tax credit for the cost of registering a tractor-trailer (Class F vehicle) that is titled in the State. *Chapter 502 of 2017* altered and extended the tax credit through tax year 2019. The Motor Vehicle Administration is authorized to issue in each tax year a maximum of \$10,000 in tax credits to a single taxpayer and a total of \$500,000 in tax credits.

Research and Development: Chapters 515 and 516 of 2000 established the research and development tax credit. There are two types of credits available to businesses – a basic credit and a growth credit. *Chapter 743 of 2017* expanded the research and development tax credit by increasing from \$9.0 million to \$12.0 million the aggregate amount of credits that Commerce can approve in each calendar year. The amount of basic credits that can be awarded annually was increased from \$4.5 million to \$5.5 million, and the annual amount of growth credits that can be awarded was increased from \$4.5 million to \$6.5 million.

Clean Energy Incentive: *Chapter 594 of 2016* extended the termination date of the clean energy incentive tax credit from December 31, 2015, to December 31, 2018, and removed eligibility for facilities that produce electricity from a qualified energy resource that is co-fired with coal. The Act specified that the amount of credits that MEA can award in fiscal 2018 and 2019 cannot exceed the amount of money appropriated to a reserve fund established by the Act.

Retirement Income

Chapter 125 of 2015 expanded the military retirement income subtraction modification by increasing from \$5,000 to \$10,000 the maximum amount of retirement income that can be

excluded for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 65 years old. **Chapter 573 of 2018** further expanded the existing subtraction modification by increasing from \$10,000 to \$15,000 the maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 55 years old.

Chapters 153 and 154 of 2017 allowed retirement income to qualify for the State pension exclusion if the individual is at least 55 years old and the retirement income is attributable to employment as a law enforcement officer or as fire, rescue, or emergency services personnel of the United States, the State, or a local jurisdiction. The maximum exclusion in the tax year is limited to \$15,000. **Chapter 573 of 2018** expanded the existing subtraction modification to extend eligibility to correctional officers.

Other Subtraction Modification Legislation

Chapter 36 of 2018 created a subtraction modification for up to \$7,500 of the qualified expenses incurred by a living organ donor. Eligible expenses include the unreimbursed travel and lodging expenses and lost wages that are attributable to the organ donation.

Chapter 303 of 2018 created a subtraction modification for the compensation received by an individual in exchange for the sale of a perpetual conservation easement on real property located in the State. The amount of the subtraction modification may not exceed \$50,000.

Chapter 231 of 2017 reestablished the subtraction modification under the State income tax for qualified mortgage debt relief. The subtraction modification may be claimed in tax years 2017 and 2018 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).

Chapter 155 of 2017 increased to \$5,000 the value of the State income tax subtraction modification for qualifying police auxiliaries or reserve volunteers. The increase is phased in over three years, beginning with tax year 2017.

Chapter 582 of 2018 increased to \$7,000 the value of the subtraction modification for qualifying volunteer fire, rescue, or emergency medical services personnel. The increase in the maximum value is phased in over three years, beginning with tax year 2020.

Chapter 501 of 2017 established a subtraction modification under the State income tax for the value of specified medals and prize money or honoraria received by an individual who competes in the Olympic Games, the Paralympic Games, the Special Olympic Games, or the Deaflympic Games.

Chapter 519 of 2016 exempted up to \$5,000 of the income earned by a law enforcement officer if the officer resides in the political subdivision in which the officer is employed and the crime rate in the political subdivision exceeds the State's crime rate.

The federal Stephen Beck, Jr., Achieving Better Life Experience Act of 2014 allows a state to establish a tax-advantaged savings program under which contributions may be made to an account that may be used to pay for qualified disability expenses of the designated beneficiary. **Chapter 39 of 2016** established the Maryland Achieving a Better Life Experience (ABLE) Program. An income tax subtraction modification is created for contributions to an ABLE account that is similar to the subtraction modifications for contributions to existing college savings plans.

Single Sales Factor Apportionment

Corporations engaged in multistate operations are required to determine the portion of their modified income attributable to Maryland, a determination that is based on the amount of their trade or business that is carried out in Maryland. Corporations are generally required to use a three-factor formula that incorporates property, payroll, and a double-weighted sales factor. Sales, thus, represent 50% of the final apportionment factor. The apportionment factor is then multiplied by a corporation's modified total income to determine the amount subject to Maryland tax. Corporations engaged primarily in manufacturing activities are required to use a one-factor formula based on sales, referred to as a "single sales factor." Under the single sales factor formula, income subject to Maryland income tax is determined by taking into account only the fraction of in-state sales to total sales made by the corporation. Most other businesses operating in the State must use the three-factor formula.

Chapters 341 and 342 of 2018 phase in a single sales factor formula used to apportion income to the State for the corporate income tax over a five-year period beginning in tax year 2018. By tax year 2022, all corporations subject to the corporate income tax, with the exception of specified worldwide headquartered companies, that carry on a trade or business within and outside of the State must allocate to the State the part of the corporation's Maryland modified income derived from or attributed to being carried on in the State using an apportionment formula in which Maryland modified income is multiplied by 100% of the sales factor.

Revenue Volatility

Due to the ups and downs of the business cycle, revenue volatility is unavoidable for state governments. The underlying variability in taxpayer incomes is what drives the volatility of the income tax. Nonwithholding payments are generally related to income other than wages, and this income is often quite volatile, especially capital gains. **Chapter 4 of 2017** required the Bureau of Revenue Estimates (BRE) to calculate the share of general fund revenues represented by nonwithholding income tax revenues from the State individual income tax, beginning with the revenue estimate for fiscal 2020.

At the end of fiscal 2020, and each fiscal year thereafter, if general fund revenues for the fiscal year are less than BRE's March estimate, the amount of nonwithholding income tax revenues that exceeds the capped estimate must be applied to close the revenue gap for that fiscal year. If the available nonwithholding income tax revenues exceed the amount that is needed to close the gap and if the Revenue Stabilization Account (also known as the Rainy Day Fund) balance is less than 6% of the estimated general fund revenues for that fiscal year, the Comptroller must distribute

to the Revenue Stabilization Account the lesser of (1) the remaining balance of nonwithholding income tax revenues in excess of the capped estimate or (2) the amount required for the account balance to equal 6% of the estimated general fund revenues for that fiscal year. The Comptroller must distribute 50% of any remaining amount to the Revenue Stabilization Account, unless that account exceeds 10% of general fund revenues. Any remainder must be distributed to the newly established Fiscal Responsibility Fund. Revenues from the Fiscal Responsibility Fund are to be appropriated in the second following fiscal year for specified pay-as-you-go capital projects. The share of nonwithholding income tax revenues that can be appropriated into the Rainy Day Fund or Fiscal Responsibility Fund was capped under **Chapter 4** at 2% of general fund revenues. **Chapter 10 of 2018** phased the cap in over three years; the cap will be 0.5% of general funds in fiscal 2020, 1% in fiscal 2021, and 2% in fiscal 2022.

The Wynne Case

In *Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.*, 431 Md. 147 (2013) (Wynne case), the Maryland Court of Appeals upheld a ruling of the Howard County Circuit Court that the failure of the State to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on pass-through income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the U.S. Constitution. The State appealed the decision to the U.S. Supreme Court, which affirmed the judgment of the Maryland Court of Appeals on May 18, 2015.

In anticipation of the U.S. Supreme Court's ruling, **Chapter 489 of 2015** allowed a taxpayer to claim the credit against the county income tax and established the procedures for calculating the value of the credit beginning with tax year 2015. **Chapter 489** also required the Comptroller to pay certain interest and refunds owed by county and municipal governments attributable to the case from the local income tax reserve account.

Under **Chapter 489**, unless an affected local government reimbursed the account in a timely fashion, the Comptroller would have withheld quarterly income tax distributions for affected local governments over three fiscal years – fiscal 2017 through 2019. **Chapter 24 of 2016** delayed and lengthened the time period for reimbursing the local income tax reserve account by requiring the Comptroller to withhold from the affected local government's quarterly income tax distributions in 20 equal installments beginning in the fourth quarter of fiscal 2019. However, **Chapter 28 of 2018** further delayed by two years the time period in which the local income tax reserve account must be reimbursed, so the Comptroller must withhold the amount owed from the affected local jurisdiction's quarterly income tax distributions in 20 equal installments beginning with the fourth quarter of fiscal 2021.

Tax Administration

Local Income Tax Reserve Account

Chapter 24 of 2016 established a process for reconciling local income tax revenues for counties and municipalities that are determined by the Comptroller to have received an

underpayment or overpayment of local income tax revenues. *Chapters 698 and 699 of 2017* repealed the requirement that a county or municipality that is determined to have received an overpayment of local income tax revenues pursuant to *Chapter 24* must reimburse the local income tax reserve account for the amount of the overpayment. *Chapters 698 and 699* also specified that it is the intent of the General Assembly that the Comptroller return from the local income tax reserve account any reimbursement payment made by a county or municipality.

Warrant Intercept Program

The warrant intercept program authorized an official of the federal, State, or local government charged with serving a criminal arrest warrant in certain counties to certify to the Comptroller that an individual who is either a Maryland resident or who receives income from Maryland has an outstanding warrant and to request that the Comptroller withhold the individual's income tax refund. *Chapter 387 of 2016* authorized all counties to participate in the warrant intercept program if the sheriff of the county notifies the Comptroller that the county intends to participate in the program.

Penalties

Chapter 642 of 2016 reduced the maximum penalty that may be imposed on a person who fails to pay income taxes from 25% to 10%.

Checkoffs

Chapter 312 of 2015 established a Fair Campaign Financing Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the fund.

Sales and Use Tax

Accommodations

An accommodation is subject to the State sales tax rate of 6%. An accommodation is defined as a right to occupy a room or lodgings as a transient guest. An accommodation is purchased either directly from an accommodations provider, such as a hotel, or via an accommodations intermediary that facilitates the sale of an accommodation. An online travel company is an accommodations intermediary that typically pays a discounted rate for hotel rooms that it sells and then retains certain fees that are part of the total price paid by customers. *Chapter 3 of 2016* clarified that the taxable price, for the sale of an accommodation facilitated by an accommodations intermediary, is the full amount of consideration paid by a buyer for the accommodation. In addition, accommodations intermediaries are included in the definition of a vendor and required to collect and remit sales taxes to the Comptroller.

Exemptions

Amazon.com Headquarters

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America and encouraged localities to submit proposals. In January 2018, Amazon announced a list of 20 finalists that included Montgomery County. The Governor responded by announcing an incentive package to encourage the company to locate its second headquarters in Montgomery County. *Chapter 350 of 2018* established various tax incentives for a Fortune 100 company that establishes an eligible project in the State, including an exemption from the State sales and use tax for qualified personal property and/or services purchased by a qualifying company for use at an eligible project. The Comptroller must issue a certificate of eligibility for the exemption, which may be renewed each year, not to exceed 10 consecutive years.

For a more detailed discussion of the tax incentives included in *Chapter 350*, see the subpart “Income Tax” within this part of this *Major Issues Review*.

Construction Material and Warehousing Equipment

Chapters 603 and 604 of 2016 exempted from the State sales and use tax the sale of construction material or warehousing equipment, if the material or equipment is purchased by a person for use solely on property in Baltimore County that was previously owned by Bethlehem Steel Corporation or any of its subsidiaries and is the subject of an approved application for participation in a certain voluntary cleanup program. The sales and use tax exemption terminates on June 30, 2026.

Light Rail Vehicles

Chapter 718 of 2017 exempted from the State sales and use tax the sale of a light rail transit vehicle or related equipment if the vehicle will be used to provide transit service on the Purple Line in Montgomery County and Prince George’s County. The Purple Line is a 16-mile light rail line that will extend from Bethesda in Montgomery County to New Carrollton in Prince George’s County.

Tax-free Period for Backpacks and Bookbags

Chapter 6 of the 2007 special session created an annual sales tax-free period for back-to-school shopping for the purchase of any item of clothing or footwear, excluding accessories, that costs \$100 or less. *Chapters 236 and 237 of 2017* added backpacks and bookbags to the list of eligible items during the tax-free period by exempting the first \$40 of the price of the backpack or bookbag.

Miscellaneous Taxes

Transportation Taxes

Vessel Excise Tax

A vessel excise tax is generally levied at the rate of 5% of the fair market value of a vessel. Chapter 180 of 2013 established a \$15,000 per vessel cap on the amount of the vessel excise tax. The provision establishing the cap would have terminated on June 30, 2016. *Chapters 656 and 657 of 2016* made permanent the \$15,000 per vessel cap on the amount of the vessel excise tax but required the cap to increase by \$100 on July 1 of each year beginning on July 1, 2016.

Vehicle Excise Tax

A vehicle excise tax of 6% is generally imposed on the total purchase price of a leased or purchased vehicle. The total purchase price of a vehicle purchased from a licensed dealer is the price of the vehicle agreed on by the buyer and seller, including any dealer processing charges, minus an allowance for a trade-in. If a person who leases a vehicle trades in a nonleased vehicle, the total purchase price is the retail value of the vehicle as certified by the dealer, including any dealer processing charges, less an allowance for the trade-in of the nonleased vehicle. *Chapter 728 of 2016* allowed a person to deduct the trade-in allowance for a leased vehicle for purposes of calculating the vehicle excise tax if the person is purchasing a vehicle or leasing another vehicle from a different leasing company.

Chapters 362 and 363 of 2017 extended through fiscal 2020 the termination dates of the qualified plug-in electric vehicle excise tax credit and the Electric Vehicle Recharging Equipment Rebate Program. The Acts authorized the Motor Vehicle Administration to award an annual maximum of \$3.0 million in vehicle excise tax credits in fiscal 2018 through 2020. In addition, the Acts increased the maximum amount of electric vehicle recharging equipment rebates that the Maryland Energy Administration may award in each year from \$600,000 to \$1.2 million. The Acts also generally decreased the value of the incentives and altered certain eligibility requirements. For a further discussion of *Chapters 362 and 363*, see the subpart “Motor Vehicles” within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Chapter 663 of 2017 exempted from the motor vehicle excise tax and the titling fee certain vehicles that are transferred without consideration if the vehicle is transferred to or from specified trusts. In addition, the Act provided that, for purposes of certain tax exemptions for property transferred to or from specified trusts, “consideration” does not include the amount of any obligation under other writings encumbering the transferred property.

Motor Fuel Tax

Chapter 397 of 2016 exempted from the motor fuel tax motor fuel that is purchased for use in a school bus (1) owned by a county board of education or (2) used to transport students by a school bus operator under contract with a county board of education. The Act also authorized a refund of motor fuel tax paid for motor fuel purchased for the same uses.

Chapter 522 of 2017 allowed a refund of the motor fuel taxes paid for use by a vehicle that is used only in the transportation system of a local jurisdiction to transport the public via demand response trips. Demand response trips are defined as transporting passengers who are unable to use regular schedule, fixed termini services and include trips that are required under the federal Americans with Disabilities Act.

Estate Tax

Chapters 15 and 21 of 2018 specified that the value of the federal unified credit used to calculate the Maryland estate tax for a decedent dying on or after January 1, 2019, is equal to the amount corresponding to an applicable exclusion amount of \$5.0 million. The Acts also established “portability” under the State estate tax by allowing, under specified circumstances, the estate of a married taxpayer to pass along the unused part of the estate tax exclusion amount to the surviving spouse.

Inheritance Tax

Chapter 293 of 2018 exempted from the inheritance tax real property that passes to or for the use by a nephew or niece of the decedent, if the property is subject to a perpetual conservation easement that restricts the use of the property to farming purposes.

Recordation and Transfer Taxes

Agricultural Land

Chapter 197 of 2015 provided that, when determining the rate of the agricultural land transfer tax to be imposed, the amount of agricultural land that is subject to a specified exemption may not be included in the amount of agricultural land that is transferred.

The transfer tax imposed by the State on a transfer of agricultural land includes, by definition, a 25% surcharge. In *Montgomery County v. Phillips, et al.*, 445 Md. 55 (2015), the Maryland Court of Appeals held that since the definition of the State agricultural land transfer tax includes the surcharge, it must be calculated into, and treated as a part of, the limitation on the county agricultural land transfer tax that may be imposed. *Chapters 372 and 373 of 2016* altered the definition of the State tax to exclude the 25% surcharge and impose the surcharge as a separate charge independent of the State tax. As of fiscal 2017, local jurisdictions do not have to include the surcharge when calculating the county tax rate limitation.

Exemptions, Generally

Chapter 233 of 2014 provided exemptions from the recordation tax and State transfer tax for an instrument of writing relating to a transfer from a certified community development financial institution to the immediately preceding mortgagor or grantor of the property that meets certain criteria. *Chapter 301 of 2015* added an exemption from the recordation tax and the State transfer tax for a purchase money mortgage or purchase money deed of trust related to that type of transfer.

Chapter 538 of 2017 exempted from recordation and transfer taxes the transfer of residential real property if (1) the property is subject to a purchase money mortgage or purchase money deed of trust; (2) the mortgagor filed a petition for bankruptcy under Title 11, Chapter 7 of the United States Code; (3) the mortgagor filed with the bankruptcy court a statement of intention to surrender the property; (4) the property was the principal residence of the mortgagor prior to the surrender of the property in bankruptcy; and (5) the property is transferred from the mortgagor to the holder of the purchase money mortgage or purchase money deed of trust.

Chapters 315 and 316 of 2018 exempted from recordation and transfer taxes the transfer of real property without consideration if the transfer is made from a revocable trust to a beneficiary as a result of the death of the settlor of the trust. The Acts also exempted from the motor vehicle excise tax and the titling fee vehicles that are transferred without consideration if the transfer is made from a revocable trust to a beneficiary as a result of the death of the settlor of the trust.

Transfers between Business Entities

Chapters 223 and 224 of 2016 exempted from the recordation tax and State transfer tax certain transfers of controlling interest between subsidiaries of the same limited liability company (LLC) and transfers between an existing subsidiary LLC and a new LLC that have identical ownership.

Chapters 63 and 64 of 2017 exempted from recordation and transfer taxes the transfer of real property from a sole proprietorship to a LLC if the sole member of the LLC is identical to the converting sole proprietor and specified other conditions are met. The Acts also clarify that the transfer of a controlling interest in a LLC that is the product of an untaxed conversion from a sole proprietorship is subject to the recordation and transfer tax under specified circumstances.

Chapter 594 of 2018 altered an exemption from the recordation tax by expanding the definition of original mortgagor to include a person that has received property from the original mortgagor under a deed that was exempt from the recordation tax under specified circumstances. The Act also altered the definition of business entity to include a limited partnership or statutory trust so that these entities will be exempt from the recordation tax for transfers between specified related business entities. The Act expanded the definitions of owner and ownership interest to include limited partner or beneficial owner and limited partnership interest or beneficial interest, respectively. Lastly, the Act altered an exemption from the recordation tax for specified transfers of a controlling interest.

Admissions and Amusement Tax

Chapter 145 of 2016 altered the distribution of revenue attributable to a 5% State admissions and amusement tax rate on electronic bingo and electronic tip jars so that up to \$1 million in each fiscal year goes to the Special Fund for Preservation of Cultural Arts in Maryland and the remaining revenues are distributed to the Maryland State Arts Council (MSAC) instead of all of the revenues going to the special fund. Any funds distributed to MSAC from the tax must be included in MSAC's prior fiscal year appropriation for purposes of calculating MSAC's required general fund appropriation.

Tax Administration

Taxpayer Protection Act

Chapter 379 of 2017 made several changes regarding tax enforcement and compliance. The Act (1) prohibited a person from providing individual tax preparation services if the person is not registered with the State Board of Individual Tax Preparers; (2) authorized the disclosure of certain tax information to a U.S. Department of Justice attorney, including a U.S. Attorney, and the State Board of Individual Tax Preparers; (3) expanded the police powers of the Comptroller's Field Enforcement Bureau to include admissions and amusement, income, and sales and use taxes; (4) required that employers submit certain income tax withholding information electronically; (5) expanded the list of tax returns that are treated as protected tax information; (6) authorized a tax collector to assess a penalty not exceeding 100% of the tax due resulting from a false return on a person hired to prepare a tax return who makes a false tax return with the intent to evade the payment of tax; (7) authorized the Comptroller to assess a penalty of \$100 for each violation on an employer or payor who willfully failed to provide an annual withholding reconciliation report or provides a false withholding reconciliation report; and (8) authorized the Attorney General to bring an action to enjoin a person from acting as an income tax return preparer and allows a court to issue such an injunction if the court makes certain determinations.

Interest Rate on Tax Deficiencies and Refunds

The Comptroller is required to set the annual interest rate on tax refunds and money owed to the State at the greater of 13.0% or 3 percentage points above the average prime rate of interest in the previous fiscal year, based on information from the Federal Reserve Bank.

Chapter 322 of 2016 phased in reductions to the annual interest rate by setting the rate at equal to the greater of 12.0% for calendar 2017, 11.5% for calendar 2018, 11.0% for calendar 2019, 10.5% for calendar 2020, 10.0% for calendar 2021, 9.5% for calendar 2022, and 9.0% for calendar 2023 and each year thereafter or 3 percentage points above the average prime rate of interest in the previous fiscal year.

Chapter 506 of 2017 repealed the requirement that the Comptroller, when setting the annual interest rate for tax refunds and monies owed to the State, round the interest rate to the nearest whole number.

Tax Amnesty Program

Chapter 50 of 2015 required the Comptroller to declare an amnesty period for certain delinquent taxpayers from September 1, 2015, through October 30, 2015, for penalties and one-half of any interest due attributable to the nonpayment, nonreporting, or underreporting of income taxes, withholding taxes, sales and use taxes, or admissions and amusement taxes that are paid during the amnesty period.

Tax Credit Evaluation

Chapter 582 of 2016 altered the tax credits to be evaluated under the Tax Credit Evaluation Act and the process for evaluating those tax credits. Specifically, the Act added the cybersecurity investment, Regional Institution Strategic Enterprise (RISE) zones, and job creation tax credits to the list of credits to be reviewed by the tax credit evaluation committee.

Alcoholic Beverages Taxes

Chapter 282 of 2015 provided that the revenue generated from the tax on wine produced at wineries licensed in the State must be distributed to the Maryland Wine and Grape Promotion Fund instead of the general fund.

Chapters 421 and 422 of 2016 required the Comptroller to develop and implement procedures for the electronic filing of specified alcoholic beverage tax returns by January 1, 2018.

Part C

State Government

State Agencies, Offices, and Officials

Workplace Harassment

Heightened awareness of the issue of sexual harassment in the workplace has prompted many private and public organizations to reexamine existing policy. Sexual harassment is a form of sex-based discrimination that is prohibited under both State and federal law. Each branch of State government is governed by the laws, personnel policies, and procedures applicable in that branch unless otherwise provided by law. Thus, an employee or official in the Judicial, Legislative, or Executive Branch of State government is governed by separate, although substantially similar, prohibitions on sexual harassment.

The General Assembly policy defines sexual harassment as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical contact of a sexual nature when, for example (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment, which is perceived by the victim to be abusive or hostile. Similarly, the policy defines workplace harassment to mean any harassment based on any characteristic protected by law and has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment. Workplace harassment includes sexual harassment.

Beginning in 2016, the Women Legislators of Maryland (Women's Caucus) created a working group to research the current process of sexual harassment reporting and review policies in the General Assembly and best practices in other states. In January 2018, the Workplace Harassment Commission was created by the President of the Senate and the Speaker of the House to review State workplace harassment policies including sexual harassment policies, solicit input from policy experts, and make recommendations to the Legislative Policy Committee (LPC). The

work of the Women's Caucus led to a number of recommendations released in February 2018. The Workplace Harassment Commission will release its recommendations in fall 2018.

Antiharassment Policies, Procedures, and Training

Chapter 525 of 2018 made several changes related to antiharassment procedures, policies, and training applicable to State government, including (1) prohibiting Executive Branch officials from unlawfully harassing or discriminating against an official, employee, intern, page, fellow, lobbyist, or member of the press; (2) requiring LPC to update its antiharassment policy and procedures governing members and employees of the General Assembly; (3) requiring the Joint Committee on Legislative Ethics (Ethics Committee) to review complaints involving General Assembly members that allege violations of the policy and procedures adopted by LPC; (4) establishing antiharassment duties and procedures for the State Ethics Commission relating to regulated lobbyists; and (5) establishing specific prohibitions relating to sexual harassment for lobbyists.

Chapter 525 required that, unless the victim objects, the Ethics Committee must refer harassment or discrimination complaints against members of the General Assembly to an outside and independent investigator. The investigator shall evaluate and investigate the complaint unless the investigator recommends dismissal. After the investigation is completed, the investigator must submit findings and recommendations to the Ethics Committee, which are relayed to the complainant. The investigation can be delayed if the matter has been referred to a prosecuting authority. State funds may not be used to settle a claim of harassment or discrimination filed against a State official or employee.

On or before December 15, 2018, LPC must update the antiharassment policies and procedures governing members and employees of the General Assembly, and include provisions prohibiting harassment of members of the press. Going forward, LPC is required to review and update antiharassment policies and procedures at least once every two years in order to create and maintain an environment in which all members and employees are treated with respect and are free from unlawful discrimination and harassment. The Executive Director of the Department of Legislative Services (DLS) must maintain electronic records of each member of the General Assembly, each General Assembly employee, and each DLS employee who completes workplace harassment prevention training. These records must be published on the General Assembly website. *Chapter 525* also prohibited lobbyists from harassing or discriminating against an official, employee, intern, page, or fellow of any branch of State government; a lobbyist; or a member of the press. The State Ethics Commission is required to provide training to lobbyists on discrimination and harassment. Finally, the Act provided that a current or former member of the Workplace Harassment Commission may not serve as an outside and independent investigator.

Sexual Harassment Training for State Employees

The Maryland Commission on Civil Rights generally provides sexual harassment training to State agencies and private businesses that request such training. *Chapter 791 of 2018* required each State employee to complete at least two hours of in-person or virtual training on sexual

harassment prevention within six months of the employee’s initial appointment and once every two years thereafter. The training must include (1) information on laws prohibiting sexual harassment; (2) best practices in prevention and correction; (3) remedies and procedures available to victims; and (4) additional training for supervisors on properly responding to complaints and creating a workplace environment where sexual harassment is not tolerated. Each unit of State government must designate a representative to coordinate with the Maryland Commission on Civil Rights to implement the training, and the commission must train the designated representative on the prevention of sexual harassment. The Equal Employment Opportunity (EEO) coordinator is charged with enforcing the requirements of this Act for every Executive Branch governmental unit. The EEO coordinator is authorized to recommend an audit or review of any unit that has not complied with these training requirements. **Chapter 791** also prohibited a person from bringing a lawsuit against the State for training or lack of training of an employee, unless the employee’s actions are willful, wanton, or grossly negligent.

Equal Employment Opportunity Program Reports

Each unit of the Executive Branch of State government must submit an annual report to the EEO coordinator about the activities that the unit undertook in that fiscal year to implement the EEO program, including (1) information about personnel practices within the unit; (2) a summary of complaints filed, investigated, resolved, and pending; and (3) information about relations with other units of State government. **Chapter 788 of 2018** required each Executive Branch unit to include information about sexual harassment policies and prevention training and a summary of sexual harassment complaints filed, investigated, resolved, and pending in its annual report to the EEO coordinator.

State Agencies

Supervision of Units of State Government

In the 2015 decision in *N.C. Board of Dental Examiners v. Federal Trade Commission*, the U.S. Supreme Court held that, in order to invoke state action immunity from federal antitrust liability, a state board on which a controlling number of decision makers are active market participants must satisfy the two pronged test established in *California Retail Liquor Dealers Assn. v. Midcal Aluminum Inc.*: (1) clear articulation of state policy and (2) active supervision by the State. **Chapters 613 and 614 of 2017** required the Secretary of each principal department to supervise each unit of State government within the Secretary’s jurisdiction that is composed, in whole or in part, of individuals participating in an occupation or profession regulated by the unit in order to prevent unreasonable anticompetitive actions by the unit and determine whether the decisions and actions of the unit further a clearly articulated State policy to displace competition in the regulated market.

Web Sites Language Access

Many State departments, agencies, and programs are required to take reasonable steps to provide equal access to public services for individuals with limited English proficiency. **Chapter 151 of 2016** expanded that requirement to public websites if the content can be translated

free of charge. Equal access versions must be available in any language spoken by any limited English proficient population that makes up at least 0.5% of the State's overall population. **Chapter 151** further required the Department of Information Technology (DoIT) to establish minimum standards for the equal access version websites, including the prominent placement of links on the English version of a website to each equal access version of the website. **Chapter 733 of 2018** expanded these website translation requirements to all State departments, agencies, and programs.

Protection of Security-sensitive Data

State agencies maintain significant volumes of personally identifiable information related to income taxes, medical assistance program claim histories, criminal backgrounds, public assistance, and driver's licenses. Except for the Legislative and Judicial branches of State government, units of State or local government that collect an individual's personal information are required to implement and maintain reasonable security procedures and practices appropriate to the nature of the information collected and the nature of the unit and its operations. **Chapter 467 of 2018** required each unit of State government to develop a plan to identify personnel who handle security-sensitive data and establish annual security overview training for those employees. By January 31, 2019, DoIT must develop a plan to develop, maintain, and revise security training material that focuses on data protection and integrity and can be used by the Governor and any unit of State government.

Open Meetings Act

Under Maryland's Open Meetings Act, before meeting in open or closed session, a public body must provide reasonable advance notice of the session. **Chapter 255 of 2016** required a public body to make available to the public prior to meeting in an open session an agenda that contains known items of business or topics to be discussed at the portion of the meeting that is open and that indicates whether the public body expects to close any portion of the meeting. If the agenda has been determined at the time the public body gives notice of the meeting, the agenda must be made available at the same time as the notice. Otherwise, the public body must make the agenda available as soon as practicable, but no later than 24 hours before the meeting.

As soon as practicable after each open meeting of a public body, the public body must prepare written minutes of the meeting. **Chapters 329 and 330 of 2016** increased from one to five the number of years that a public body is required to retain a copy of its minutes or recordings of open sessions. To the extent practicable, a public body must post the minutes or recordings online.

Chapters 525 and 526 of 2017 prohibited a public body from meeting in closed session unless the public body designated a member to receive training on the Maryland Open Meetings Act, required a designated member to be at a meeting of the public body or for the public body to use a check list developed by the Office of the Attorney General, and altered the duties and reporting requirements for the Open Meetings Compliance Board. Public bodies in the Judicial Branch or that are subject to governance by rules adopted by the Court of Appeals are exempt from the provisions of **Chapters 525 and 526**. **Chapter 546 of 2018** provided that the requirement to

designate at least one member of a public body to receive specified training on the open meetings law only applies to a public body that meets in closed session on or after October 1, 2017.

Chapter 304 of 2018 authorized a public body to meet in closed session to discuss cybersecurity, under the Open Meetings Act, if the public body determines that public discussion would constitute a risk to security assessments or deployments relating to information resources technology; network security information; or deployments of security personnel, critical infrastructure, or security devices.

Public Information Act

The Maryland Public Information Act (PIA) grants the public a broad right of access to records that are in the possession of State and local government agencies. The PIA's basic mandate is to enable people to have access to government records without unnecessary cost or delay. Custodians have a responsibility to provide such access unless the requested records fall within one of the exemptions in the statute. *Chapters 135 and 136 of 2015* created the State Public Information Act Compliance Board and the Office of Public Access Ombudsman, with the intent of creating a centralized appeals process for all PIA disputes.

Specifically, the board is charged with (1) receiving, reviewing, and resolving complaints alleging that a custodian of public records charged an unreasonable fee of more than \$350; (2) issuing written opinions as to whether a violation has occurred; and (3) if the board finds that a violation has occurred, ordering the custodian to reduce the fee to an amount determined by the board to be reasonable and refund the difference. The board must also study ongoing compliance with the PIA by custodians and make recommendations to the General Assembly for improvements to the PIA. The Acts also established processes for a person to file a complaint with the board and for the handling of a complaint by the board, as well as reporting requirements. Additionally, complainants and custodians are authorized to appeal decisions of the board to the circuit court.

The ombudsman, who is appointed by the Attorney General, is charged with resolving disputes between applicants and custodians over requests for public records, including redactions, the application of exemptions, timeliness of production of a records, repetitive requests, and fee waivers. When resolving disputes, the ombudsman is prohibited from compelling a custodian to disclose public records or redacted information to the ombudsman or an applicant or, except under certain circumstances, disclosing information received from an applicant or custodian without written consent from the applicant or custodian.

Chapters 135 and 136 also required a custodian to provide specified written notice to an applicant if inspection is denied or if more than 10 working days is needed to produce a record. Furthermore, *Chapters 135 and 136* modified provisions regarding fees charged for producing a public record so that staff and attorney review costs included in the calculation of actual costs are prorated for each individual's actual time attributable to the search and preparation of the record. Finally, the Acts authorized a custodian to waive fees for indigent applicants.

Chapter 350 of 2015 required an official custodian to designate, rather than to consider whether to designate, types of public records of the governmental unit that are to be made available to any applicant immediately on request and to maintain a current list of the types of public records that have been so designated.

Chapter 266 of 2015 required each governmental unit that maintains public records to (1) identify a representative who a member of the public may contact to request a public record; (2) maintain and publish specified contact information in a user-friendly format on the governmental unit's website or, if the governmental unit does not have a website, keep the information at a place easily accessible by the public; and (3) annually update the information. The governmental unit also must submit the contact information to the Office of the Attorney General annually. The office must post the contact information in a user-friendly format on its website and include the contact information in any PIA manual it publishes.

Chapter 360 of 2017 required a custodian of a public record who denies an application for inspection of a public record under the PIA to include in the written statement that explains the reasons for the denial, an explanation of why redacting information would not address the reasons for the denial.

Chapters 39 and 40 of 2018 required a custodian to deny any request for inspection of a distribution list and a request to be added to a distribution list, if that list identifies a physical or email address or a telephone number of an individual that is used by a governmental entity or an elected official for the sole purpose of (1) periodically sending news about the official activities of the governmental entity or elected official or (2) sending informational notices or emergency alerts.

Commissions, Councils, and Task Forces

The General Assembly creates various groups to conduct in-depth studies of important policy issues. During the 2015-2018 legislative term, the General Assembly created the following groups.

Maryland Cybersecurity Council

In February 2014, President Obama's Executive Order 13636 directed the Secretary of Commerce to enlist the National Institute of Standards and Technology (NIST) in developing a framework to address the risks of cyber attacks on critical infrastructure. *Chapter 358 of 2015* established the Maryland Cybersecurity Council. The council is required to work with NIST, as well as other federal agencies, private-sector businesses, and private cybersecurity experts to, among other things, recommend a comprehensive State strategic plan to respond to and recover from cybersecurity attacks, and recommend any legislative changes considered necessary by the council to address cybersecurity issues.

Maryland Health Insurance Coverage Protection Commission

Chapter 17 of 2017 established the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the federal Patient Protection and Affordable Care Act (ACA), Medicaid, the Maryland Children’s Health Program (MCHP), 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.

Maryland Financial Consumer Protection Commission

Chapters 18 and 781 of 2017 established the Maryland Financial Consumer Protection Commission 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 residents of the State when conducting financial transactions and receiving financial services.

Washington Metrorail Safety Commission

Chapter 3 of 2017 established the Washington Metrorail Safety Commission (MSC) to act as the State safety oversight authority for the Washington Metropolitan Area Transit Authority (WMATA), as required by federal law. The purpose of MSC is to review, approve, oversee, and enforce the safety of the WMATA rail system. MSC must be financially and legally independent from WMATA.

The Military and Veterans

Aid to Military Personnel and Veteran-owned Small Businesses

Chapter 390 of 2015 established the Military Personnel and Veteran-Owned Small Business No-Interest Loan Fund to provide no-interest loans under the existing Military Personnel and Veteran-Owned Small Business No-Interest Loan Program and required the Department of Commerce to give priority to businesses owned by military reservists and National Guard personnel who are called to active duty and to veteran-owned small businesses if the availability of funds is limited under the program.

Higher Education

Chapters 413 and 414 of 2016 established the Maryland College Collaboration for Student Veterans Commission in the Maryland Department of Veterans Affairs (MDVA) to ensure the educational success of returning veterans, facilitate the sharing of best practices, and work with institutions of higher education to provide and coordinate services to veterans, including training on the challenges of reintegration, behavioral health services, financial aid support, and peer support groups.

Income Taxes

Chapter 125 of 2015 increased from \$5,000 to \$10,000 the maximum amount of military retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability for individuals who are at least age 65 if the retirement income resulted from service in an active or reserve component of the U.S. Armed Forces or in the Maryland National Guard.

Chapters 572 and 573 of 2018 increased from \$10,000 to \$15,000 the existing military retirement subtraction modification and reduced the minimum age to be eligible to individuals who are at least 55 years old.

Employment and Reemployment

The federal Servicemembers Civil Relief Act (SCRA) and Uniformed Services Employment and Reemployment Rights Act (USERRA) provide military members certain protections as they enter and serve on active duty. Both federal Acts have been adopted into State law and become effective when military duty is ordered for a period of 14 days or longer. *Chapter 62 of 2016* repealed the application of the rights granted by the SCRA and USERRA to members of the Maryland Defense Force, since its members are volunteers that can be activated under State law but are never ordered to active duty under federal law. The Act also established that State and federal protections apply to members of the Maryland National Guard, regardless of residence or employment in the State, and to residents of the State who are members of the National Guard in another jurisdiction, when ordered to military duty by the chief executive officer of that jurisdiction, or by federal order.

Chapters 560 and 561 of 2016 authorized a member of the Maryland National Guard whose employment and reemployment rights have been violated under the SCRA or USERRA to bring a civil action for economic damages including lost wages and benefits. The Acts authorized a court to award in the civil action any economic damages to which the member of the National Guard may be entitled, reasonable counsel fees and other costs, and any other appropriate relief.

Chapter 786 of 2018 established the Veteran Employment and Transition Success Program and Fund in MDVA. The purpose of the program is to provide grants to assist transitioning veterans in obtaining a certification, license, or registration under the Health Occupations Article. MDVA must adopt regulations to establish the administration of the program and specify which individuals are eligible for a grant.

Veterans' Services Specialists

Chapters 706 and 707 of 2017 required each unit of State government to designate an employee to be a "veterans' services specialist" whose duties include the coordination of veterans' services with MDVA, providing the department with specified information about services the unit provides, and posting on the unit's website all services available for veterans from the unit.

Veterans Service Animal Program

Chapter 416 of 2017 established the Maryland Veterans Service Animal Program within MDVA. The program pairs veterans with service or support dogs. *Chapter 416* also established a special fund to support the program and requires the department to adopt regulations to implement the program. *Chapters 152 and 153 of 2018* authorized a designee of the Secretary of Veterans Affairs to administer the fund.

State Responses to Recent Federal Proposals

Powers of the Attorney General

Joint Resolution 1 of 2017 directed the Attorney General to investigate, commence, and prosecute or defend any civil or criminal suit or action that is based on the federal government's action or inaction that threatens the public interest and welfare of the residents of the State with respect to (1) protecting the health of the residents of the State and ensuring the availability of affordable health care; (2) safeguarding public safety and security; (3) protecting civil liberties; (4) preserving and enhancing the economic security of workers and retirees; (5) protecting financial security of the residents of the State, including their pensions, savings, and investments, and ensuring fairness in mortgages, student loans, and the marketplace; (6) protecting the residents of the State against fraud and other deceptive and predatory practices; (7) protecting the natural resources and environment of the State; (8) protecting the residents of the State against illegal and unconstitutional federal immigration and travel restrictions; or (9) otherwise protecting as *parens patriae*, the State's interest in the general health and well-being of its residents.

The role of the Attorney General was further clarified by *Chapter 26 of 2017*, which established a process by which the Attorney General must provide notice to the Governor of an intended suit or action authorized by the Act and required that the Governor's proposed budget for fiscal 2019 and each subsequent year appropriate at least \$1 million for the Attorney General to use only for carrying out the Act's provisions and employing five attorneys. *Chapter 26* also authorized the Attorney General to employ *pro bono* assistant counsel that the Attorney General considers necessary to carry out any duty of the Office of the Attorney General.

Planned Parenthood Funding

In January of 2017, legislation was introduced in the U.S. Senate to prohibit federal funding for certain organizations that provide family planning services. *Chapters 28 and 810 of 2017* established a Family Planning Program in the Maryland Department of Health (MDH) to ensure the continuity of family planning services in the State. Under the Acts, MDH is required to ensure access to and the continuity of services provided by family planning providers that were Medicaid family planning providers as of December 31, 2016, and were discontinued as recipients of federal funding because of the scope of services offered by the provider, or for which the provider offered referrals.

Affordable Care Act

In January 2017, DLS released a report noting that, based on the review of available data, Maryland has observed a significant increase in health care coverage under the ACA through the expansion of Medicaid and the establishment of the Maryland Health Benefit Exchange, and a corresponding decrease in the uninsured rate by more than one-third. The report found that repeal or substantial amendment of the ACA could have a significant impact on Maryland, including the all-payer model contract that governs hospital rate setting. *Chapter 17 of 2017* established the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the ACA, Medicaid, MCHP, 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.

Additionally, *Joint Resolution 5 of 2017* expressed the General Assembly's disagreement with the potential repeal of the ACA and encouraged the Governor to urge the U.S. Congress to promptly protect provisions of the ACA that ensure all Marylanders have access to affordable health insurance coverage and are free from discriminatory rates and policies. For additional discussion of ACA implementation, see the subpart "Health Care Facilities and Regulation" of Part J – Health and Human Services of this *Major Issues Review*.

Chesapeake Bay Program

The U.S. Environmental Protection Agency's Chesapeake Bay Program has directed the restoration of the Chesapeake Bay since 1983. The proposed federal fiscal 2018 budget blueprint released in 2017 proposed eliminating funding for the Chesapeake Bay Program and reducing funding for several other federal programs that support bay restoration. *Joint Resolution 4 of 2017* expressed the General Assembly's opposition to proposed federal budget cuts to the Chesapeake Bay Program and other federal programs that support the restoration of the Chesapeake Bay, and urged the Governor to publicly oppose the proposed budget cuts.

Internet Service Providers

In early 2017, the U.S. Congress approved a resolution of disapproval nullifying a Federal Communications Commission rule that was set to take effect later in the year, and would have established a framework of customer consent required for Internet Service Providers (ISPs) to use, sell, and share their customers' personal information. *Senate Bill 1200 of 2017* (failed) would have prohibited an ISP from selling or transferring (for marketing purposes) a consumer's personally identifying information to a person without the consumer's express and affirmative permission.

Maryland Public Broadcasting Funding

The proposed federal fiscal 2018 budget blueprint released in 2017 proposed removing all federal funding for the Corporation for Public Broadcasting, which provides nearly \$450 million in federal funding to public broadcasters around the country. *Chapter 816 of 2017* established a minimum State funding level for the Maryland Public Broadcasting Commission by requiring the

Governor to increase the total amount appropriated to the commission by the percentage increase in general fund revenues.

Constitutional Convention

The General Assembly has previously passed several calls for a constitutional convention since the 1930s, although historical records maintained by the State and the Library of Congress are incomplete or unclear. These calls include (1) an unconfirmed House Resolution in 1939 calling for limitations on the federal taxing power; (2) House Joint Resolution 40 (1964) calling for standards concerning the size and boundaries of congressional districts; (3) Senate Joint Resolution 1 (1965) calling for legislative autonomy concerning the apportionment of State legislative bodies; (4) Senate Resolution 47 (1973, unconfirmed), a memorial from the Senate of Maryland calling for the allowance of school prayer in public schools; and (5) Senate Joint Resolution 4 (1975) calling for a balanced federal budget. It is generally believed that these calls never expire. *Joint Resolution 2* rescinds, repeals, cancels, voids, nullifies, and supersedes any and all prior applications by the General Assembly to the U.S. Congress to call a convention to propose amendments to the U.S. Constitution, regardless of whether the calls are confirmed by the historical records maintained by the State or the Library of Congress.

Other Responses to Recent Federal Proposals

The Budget Reconciliation and Financing Act of 2017, *Chapter 23*, contained select provisions in response to recent federal proposals. Section 15 of the Act extended legislative review, for two years, to program changes that would make it harder to qualify for benefits, expanded beneficiary cost sharing, or imposed limitations on benefits in relation to Medicaid and the Supplemental Nutrition Assistance Program. Additionally, Section 25 of the Act authorized the Governor to transfer money from the State’s Catastrophic Event Fund to the Department of Aging for Meals on Wheels if the federal funding for the programs was reduced or eliminated.

Vacancies in Office

Numerous offices, including those of cabinet secretaries and various boards and commissions, are required to be appointed by the Governor with the advice and consent of the Senate. In the case of any vacancy during the recess of the Senate, in any office for which the Governor has the power to fill, the Governor must appoint a suitable person to the office who continues to serve until the end of the next session of the General Assembly or until another person is appointed to the same office, whichever occurs first. The nomination of the person appointed during the recess, or of some other person, is made to the Senate on the first day of the next regular meeting of the Senate. No person, after being rejected by the Senate, may again be nominated for the same office at the same session, unless at the request of the Senate, or be appointed to the same office during the recess of the General Assembly.

During the 2017 session, the full Senate did not vote on the nomination of two cabinet secretaries. In both instances, the names were withdrawn prior to a full vote. After the adjournment of session, the Governor reappointed the two individuals. Litigation regarding the appointments is ongoing at time of publication of this report.

Chapter 16 of 2018 specified that an individual who was appointed to fill a vacancy in an office subject to Senate confirmation during the recess of the Senate or who was nominated to fill a vacancy in an office during a regular session of the Senate may not be nominated for the same office at the same session unless requested by the Senate, be appointed to the same office during the recess of the Senate, or continue to serve in the office or be designated to serve in an acting capacity for the same office after the adjournment of the regular session of the Senate at which the nomination was made if (1) the Governor withdrew the nomination during the regular session of the Senate at which the nomination was made; (2) the Senate failed to act on the nomination before the Senate adjourned the regular session at which the nomination was made and the individual was not reappointed to the office by the Governor; (3) the individual withdrew the individual's nomination; (4) the Governor fails to make the nomination on the first day of the regular session if required to do so; or (5) the individual is not confirmed by the Senate and is designated by the Governor to fill the vacancy in an acting capacity.

Elections

Voting Rights

Legislation passed in 2015 that restored voting rights to individuals convicted of a felony who are on parole or probation became law during the 2016 session, when the General Assembly overrode the Governor's veto of the legislation. **Chapter 6 of 2016** allowed an individual convicted of a felony to register to vote immediately after being released from incarceration. It was estimated that the Act provided approximately 40,000 individuals on parole or probation for a felony conviction the ability to register to vote.

Chapter 396 of 2015 authorized the Attorney General to seek an injunction to prohibit a person from committing an imminent violation or continuing to commit a violation of certain election laws that prohibit voter suppression and voter fraud. The crimes that **Chapter 396** applies to include voting under a false name, voting more than once in the same election, and influencing a voter's decision whether to go to the polls through the use of force, fraud, threat, menace, intimidation, bribery, reward, or offer of reward. A circuit court was authorized, under **Chapter 396**, to grant injunctive relief only to prevent a violation from affecting a pending election.

Voter Registration

Registration through Interactions with State Government

Legislation was enacted to expand opportunities for citizens to register to vote when interacting with State government. **Chapter 287 of 2016** required the Maryland Health Benefit Exchange, local departments of social services in the Department of Human Services (DHS), the Mobility Certification Office in the Maryland Transit Administration, and the Motor Vehicle Administration (MVA) to implement electronic voter registration systems. An electronic voter registration system is a system that, as an integral part of a transaction at an agency, offers an

individual the opportunity to register to vote or update a voter registration record by entering the individual's voter registration information electronically and transmitting the information directly to the State Board of Elections (SBE). While formally included under *Chapter 287* among the agencies required to implement an electronic voter registration system, MVA had already been operating an electronic voter registration system since 2012. The local departments of social services in DHS were required to implement an electronic voter registration system under *Chapter 287* by December 1, 2019; the other agencies were required to do so by July 1, 2017.

Chapter 287 also expanded access to voter registration by requiring various agencies to provide links from their websites to SBE's online voter registration system. Public institutions of higher education, for example, were required to provide a link from the online portal used by students to register for course work to the online voter registration system. *Chapter 287* also designated one-stop career centers in the Department of Labor, Licensing, and Regulation as voter registration agencies where customers must be offered the opportunity to register to vote using a paper form.

Chapter 19 of 2018 amended the electronic voter registration system language enacted under *Chapter 287* to implement a policy known as automatic voter registration. *Chapter 19* renamed the electronic voter registration agencies as "automatic voter registration agencies" and altered the process for registering to vote at those agencies. Instead of being offered the opportunity to register to vote or update a voter registration record, an individual completing a transaction with an automatic voter registration agency is informed that the individual will be registered to vote or have a voter registration record updated unless the individual declines to register to vote or update a voter registration record or the individual is not eligible to register to vote. Automatic voter registration systems must be implemented at each agency by July 1, 2019, except at local departments of social services in DHS, where an automatic voter registration system must be in place by December 1, 2019.

Same-day Registration

In 2016 (pursuant to legislation enacted in 2013), Maryland began allowing individuals to register to vote and cast a ballot on the same day during early voting. Registered voters who have moved are also permitted to update their address and cast a regular ballot during early voting.

Chapter 825 of 2017 repealed a requirement that a registered voter who updated the voter's address during early voting show proof of residency before the voter's ballot was counted. Pursuant to existing law at the time, voters who updated an address at a polling place on Election Day, as opposed to an early voting center, were not required to show proof of residency before the voter's ballot was counted.

Chapter 855 of 2018 proposed a constitutional amendment to authorize the General Assembly to allow a qualified individual to register and vote at a precinct polling place on Election Day. Additional implementing legislation is required if the constitutional amendment is approved by the voters in November 2018, in order to establish same-day registration on Election Day.

Election Cybersecurity

The Russian government launched a major hacking campaign targeting U.S. election infrastructure during the 2016 presidential election, according to federal intelligence agencies. Online voter registration systems or election agency public websites in 21 states were probed by Russian hackers in 2016, according to the Department of Homeland Security. Russian hackers attempted to penetrate Maryland's online voter registration system but were unsuccessful. While the cyberattacks on election systems in most states were unsuccessful and the vote counting process was not compromised in any state, the voter registration database in at least one state was breached. Federal officials expect Russia to continue or escalate its efforts to undermine the integrity of future U.S. elections.

In 2018, a number of measures were enacted to improve the cybersecurity of the State's election infrastructure. *Chapter 523 of 2018* required that the accuracy of the voting system's tabulation of votes be audited after elections, by completing (1) an automated software audit of the electronic images of all ballots cast, after each primary and general election and (2) a manual audit of paper ballots, conducted by hand and eye, within 120 days after each general election. A manual audit of paper ballots was authorized, under *Chapter 523*, but not required, after each primary election. Neither the automated software audit nor the manual audit may have any effect on the certified election results and must be used to improve the voting system and voting process for future elections.

Chapter 524 of 2018 included several provisions related to election cybersecurity. *Chapter 524* required the State Administrator of Elections to submit a report to certain persons within seven days after becoming aware of a security violation or significant attempted security violation involving an election system owned, operated, or maintained by SBE or a local board of elections or an election system provided, supported, or maintained by an election service provider. The report must be submitted to SBE, the Governor, the President of the Senate, the Speaker of the House of Delegates, the Attorney General, and the Department of Information Technology (DoIT). DoIT must forward any additional relevant information concerning a security violation or significant attempted security violation within seven days of receiving a report. An election service provider must notify the State Administrator no later than four days after becoming aware of a security violation or significant attempted security violation involving an election system provided, supported, or maintained by the election service provider.

Chapter 524 also altered the information a voter must provide to access an absentee ballot under certain circumstances. The Act required a voter who 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, including a paper form, to provide (1) a Maryland driver's license number or identification card number, the last four digits of a Social Security number, and other information identified by SBE that is not generally available to the public but is readily available to the applicant or (2) a Social Security number, if the applicant is an absent uniformed services voter or overseas voter as defined under the federal Uniformed and Overseas Citizens Absentee Voting Act, or a voter with a disability, and does not have a Maryland driver's license or Maryland identification card.

Finally, *Chapter 524* required that each polling place and early voting center have a paper or electronic backup copy of the election register available for the use of the election judges in the event that the electronic pollbooks used to check in voters do not function properly during an election due to a cyberattack or other failure.

Early Voting

Chapter 288 of 2016 increased the number of early voting centers that the State’s most populous counties are required to establish, beginning with the 2018 elections. A county with more than 200,000 registered voters but fewer than 300,000 registered voters was required to establish 4 early voting centers (instead of 3). A county with more than 300,000 registered voters but fewer than 450,000 registered voters was required to establish 7 early voting centers (instead of 5). A county with more than 450,000 registered voters was required to establish 11 early voting centers (instead of 8).

Absentee Voting

In any election governed by the Election Law Article, a voter has the right to vote by absentee ballot without having to state a reason that the voter is unable to vote in person. However, the Election Law Article is generally not applicable to municipal elections other than in Baltimore City. *Chapters 745 and 746 of 2018* prohibited a municipality from requiring an individual to provide a reason that the individual will be unable to vote in person on Election Day in order to vote by absentee ballot.

Campaign Finance

Independent Spending and Participating Organization Spending

Beginning with the Supreme Court’s decision in *Citizens United v. FEC* (2010), federal courts have ruled that persons who do not coordinate their activities with candidates may raise and spend unlimited sums on elections. However, the courts have upheld requirements that persons making expenditures independently of candidates disclose their spending and funding sources.

Maryland has extensive disclosure requirements that apply to different types of independent spending. Disclosure requirements apply to persons who make (1) “independent expenditures,” which are expenditures made independent of any candidate or political committee, for mass communications that expressly advocate the election or defeat of a candidate or ballot issue and (2) “disbursements for electioneering communications,” which are expenditures made independent of any candidate or political committee for mass communications, that do not expressly advocate the election or defeat of a candidate or ballot issue, but do refer to a candidate or ballot issue, within 60 days of an election. Political action committees that exclusively spend money independently of candidates are allowed to accept unlimited contributions, but are subject to disclosure requirements, and are known as “Super PACs.” Disclosure requirements (discussed below) are also applicable to “participating organizations” which are defined in Maryland law as entities organized under § 501(c)(4) or (6) or § 527 of the Internal Revenue Code that make

disbursements to (1) political committees organized in the State; (2) out-of-state political committees that make disbursements in the State; or (3) persons making independent expenditures or disbursements for electioneering communications in the State.

Chapter 851 of 2017 imposed new requirements on persons spending money in State elections independently of candidates. The most significant changes subjected participating organizations to disclosure requirements that are substantially similar to those that previously applied only to persons making independent expenditures and disbursements for electioneering communications. A disclosure report must be filed within 48 hours after a participating organization makes aggregate political disbursements of \$10,000 or more, unless the organization provides information on its disbursements and contributions on its website. Donors of \$10,000 or more to a participating organization during the reporting period must be disclosed in a report, unless the organization and the donor have agreed in writing that a donation will not be used for political purposes. SBE is authorized to impose civil penalties on a participating organization for failure to file a report.

Chapter 851 also included provisions intended to aid enforcement of disclosure requirements. The following requirements were imposed on persons making independent expenditures, persons making disbursements for electioneering communications, and participating organizations:

- A registered agent must be designated in the State for service of process after spending \$50,000 or more in a State election.
- A civil penalty for failure to file a disclosure report is the joint and several liability of the entity, the entity's treasurer, and the person exercising direction or control over the activities of the entity.
- If a treasurer or person exercising direction or control over the activities of the entity fails to pay a civil penalty or late fee for failure to file a disclosure report, the individual may not serve in a position of responsibility in a political organization or assist in the formation of a political organization. This requirement also applies to the responsible officers of a Super PAC.

Coordinated Expenditures

While the courts have ruled that independent expenditures may not be limited, what exactly constitutes an independent expenditure is determined by legislation and administrative policy. If coordination exists between a candidate and a person making an expenditure benefiting the candidate, then the expenditure is not an independent expenditure and is instead a contribution subject to the statutory contribution limits. If a coordinated expenditure exceeds the contribution limits, it is illegal, and civil and criminal penalties for excess contributions apply.

Chapter 852 of 2017 defined a coordinated expenditure, imposed civil and criminal penalties for coordinated spending in excess of contribution limits, and authorized SBE to

investigate potential violations. A person is prohibited 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. *Chapter 852* does not apply to spending by political committees that accept only contributions that are subject to existing contribution limits.

A coordinated expenditure is defined as a disbursement, or an action to cause a disbursement, that promotes the success or defeat of a candidate or a political party at an election and is made in cooperation, consultation, understanding, agreement, or concert with, or at the request or suggestion of, the candidate or political party that is the beneficiary of the disbursement. The Act specifically included in the definition of “coordinated expenditure” a disbursement for any communication that republishes or disseminates campaign material prepared by the candidate or political party that is the beneficiary of the disbursement.

Chapter 852 also established circumstances under which a person that makes a disbursement to promote the success or defeat of a candidate or political party at an election is presumed to have made a coordinated expenditure. A coordinated expenditure is generally presumed if the spender and the candidate or political party have had prior interactions or a close relationship or share the same staff or professional services vendors. A person may rebut the presumption by presenting sufficient contrary evidence and obtaining a declaratory ruling from SBE before making a disbursement to promote the success or defeat of a candidate or political party at an election.

Finally, *Chapter 852* established procedures for SBE to follow when investigating potential violations, including a public hearing and a public report of its findings. SBE may impose a civil penalty for an unintentional violation or refer the matter for further investigation by the State Prosecutor if SBE has reasonable cause to believe a violation was willful and knowing. Fines and penalties for violations are based on the amount by which the coordinated expenditure exceeded the contribution limit.

Online Political Advertising

Political advertising online has grown exponentially in recent years, becoming a crucial medium of communication for campaigns and other persons seeking to influence voters. The role of online political advertising, particularly on social media platforms such as Facebook, has come under increased scrutiny following revelations by federal intelligence agencies that the Russian government launched a major disinformation and propaganda campaign during the 2016 presidential election, with the goal of influencing the outcome of the election and encouraging divisions in U.S. society.

Chapters 833 and 834 of 2018 imposed new disclosure requirements for paid online political advertising and provided for greater enforcement against persons who do not comply with the law. The legislation regulates “qualifying paid digital communications,” defined as any electronic communication that (1) is campaign material; (2) is placed or promoted for a fee on an

online platform; (3) is disseminated to 500 or more individuals; and (4) does not propose a commercial transaction.

As previously discussed, pre-existing law required persons who make independent expenditures or disbursements for electioneering communications of \$10,000 or more in an election cycle to file a report detailing the expenditures and the source of the funds. The Acts required that any amount a person spends on qualifying paid digital communications must be included in the independent expenditure and electioneering communication reports.

Chapters 833 and 834 also required an online platform to maintain public records about qualifying paid digital communications that are disseminated through the online platform. An online platform must make available for public inspection in a clearly identifiable location on the online platform's website records on the identity of each person purchasing a qualifying paid digital communication and the total amount paid by the purchaser to the online platform for placement of the qualifying paid digital communication. An online platform may apply to SBE for a one-time compliance waiver from the requirements to make the public records available (1) in a clearly identifiable location on the online platform's website and (2) within 48 hours. A waiver may not be granted for more than six months and is not effective during the 30 days immediately preceding an election. An online platform is also required to make certain additional records concerning qualifying paid digital communications disseminated through the online platform available to SBE on request.

The Acts also included several enforcement provisions. The State Administrator of Elections is authorized to issue a subpoena in furtherance of an investigation of a potential violation of the law by a purchaser of a qualifying paid digital communication. At the conclusion of an investigation, SBE may request that the Attorney General seek an injunction to require a purchaser of a qualifying paid digital communication to comply with the law or require an online platform to remove a qualifying paid digital communication that does not comply with the law.

Finally, the Acts prohibited the use of any currency other than U.S. currency to purchase campaign material or an electioneering communication.

Financing of Ballot Question Petition Efforts

Chapters 725 and 726 of 2016 required the sponsor of a petition to place a question on the ballot to establish a campaign finance entity before collecting signatures for the petition. The campaign finance entity, known as a ballot issue committee, must be used to receive all contributions and make all expenditures for the petition. The petition sponsor's ballot issue committee is required to file a campaign finance report at the time the petition is filed. The petition may not be certified to the ballot until the campaign finance report is filed. A group opposing a petition to place a question on the ballot is also required to establish a ballot issue committee and file a campaign finance report within 10 business days after the petition is filed. These requirements apply to petitions for a statewide referendum on an enactment of the General Assembly, a county charter amendment, and a county referendum on a local law.

Public Campaign Financing

Maryland’s system of public campaign financing for tickets for Governor and Lieutenant Governor was extensively used in the 2014 elections after a long period of dormancy. Following the 2014 elections, the special fund used to finance the system had insufficient money to support qualifying tickets in future elections due to disbursements to qualifying tickets in 2014, previous use of the fund for other election-related projects, and the elimination in 2010 of the fund’s principal revenue source – a checkoff on the individual income tax return. **Chapter 312 of 2015** sought to replenish the Fair Campaign Financing Fund by restoring the checkoff on the individual income tax return and directing certain fees, fines, and penalties under State election law and the Maryland Public Ethics Law to the fund. **Chapter 312** also prohibited a publicly financed gubernatorial ticket from engaging in certain fundraising activities.

The Act provided that an individual, or each spouse in the case of a joint return, may contribute any amount to the fund that they wish through the checkoff on the individual income tax return. The Act also allocated certain other revenues to the fund, including:

- fees for late filing of campaign finance reports and lobbying reports;
- civil penalties for violations of the campaign finance law and the lobbying law;
- fines for criminal violations of the election law and the lobbying law;
- candidate filing fees;
- anonymous contributions made to a campaign finance entity;
- surplus campaign funds voluntarily donated to the fund when a campaign finance entity terminates; and
- voluntary contributions to the fund made electronically through SBE’s website.

Chapter 312 also prohibited a gubernatorial ticket that files a notice of intent to qualify for public financing from soliciting private contributions or engaging in any political fundraising activity for the benefit of any other political committee or any other entity engaged in election campaign activity. The members of a gubernatorial ticket may not authorize the use of their names or images for campaign fundraising by any other entity.

Chapter 460 of 2018 established an additional source of revenue for the Fair Campaign Financing Fund. **Chapter 460** required a campaign finance entity that receives a contribution that was illegally made in the name of another person to remit the contribution to the fund if the contributor has been convicted for making the illegal contribution. SBE generally otherwise advises campaigns that receive illegal contributions to return them to the contributor.

Inaugural Committees

Chapter 275 of 2015 required the inaugural committee of the Governor and the Lieutenant Governor to disclose its donors and disbursements to the public. An inaugural committee is an entity formed for the exclusive purpose of receiving private donations and making disbursements to finance the inaugural festivities of the Governor and the Lieutenant Governor. The inaugural committee of the Governor and the Lieutenant Governor is required to register with the State Board of Elections, maintain records of donations and disbursements, and file reports of donations and disbursements with SBE. The reports of an inaugural committee must be made publicly available on the Internet.

Vacancies in State Offices

Chapter 511 of 2016 altered procedures for filling vacancies in the offices of U.S. Senator, Attorney General, and Comptroller. *Chapter 511* required the Governor to appoint an individual to fill a vacancy in the office of U.S. Senator, Attorney General, or Comptroller from a list of three individuals submitted by the State Central Committee of the political party with which the vacating officeholder had been affiliated. Under the previous law, the Governor could appoint any eligible individual to fill a vacancy in these offices. The Act also required that an appointee to the offices of Attorney General and Comptroller serve for the remainder of the term, unless the vacancy occurs 21 days before the deadline for filing a certificate of candidacy for the regular statewide election that is held in the second year of the term, in which case a special election is held to fill the vacancy at the same time as the regular statewide election. The provisions of *Chapter 511* relating to Attorney General and Comptroller vacancies were a constitutional amendment that was ratified by the voters in 2016.

Ballot Access

Senate Bill 358 and House Bill 517 of 2017 (both failed) and *Senate Bill 256 and House Bill 662 of 2018* (both failed) would have required a candidate for the office of President or Vice President of the United States who is not a write-in candidate to publicly disclose the candidate's federal income tax returns for at least the five most recent taxable years as a condition for the candidate's name appearing on the State's general election ballot.

Redistricting

The General Assembly considered numerous legislative proposals in the last several years to reform the way legislative and congressional districts are drawn after each decennial census. Most of these measures proposed transferring authority over redistricting from the Governor and General Assembly to an independent body.

Senate Bill 380 and House Bill 458 of 2016 (both failed), *Senate Bill 252 and House Bill 385 of 2017* (both failed), and *Senate Bill 307 and House Bill 356 of 2018* (both failed), were all Administration bills that would have made similar changes to the redistricting process based on the recommendations of the Governor's Maryland Redistricting Reform Commission, which

issued its final report in November 2015. The bills proposed a constitutional amendment to repeal certain State constitutional provisions governing legislative redistricting and enact constitutional provisions requiring that a General Assembly and Congressional Legislative Redistricting and Apportionment Commission be appointed to perform redistricting.

Statutory provisions in the bills would have required that the commission consist of three members registered with the State’s largest political party, three members registered with the State’s second largest political party, and three members not registered with either of the largest political parties. Legislative districts would have been required to comply with existing provisions in the Maryland Constitution, and congressional districts would have had to respect county and municipal boundaries and be geographically compact, to the extent practicable. The bills would have specified procedures for General Assembly approval or rejection of legislative and congressional maps proposed by the commission, judicial review, selection of commission members, staffing of the commission, and mandated funding for the commission. The commission would have been required to conduct its business in a manner that was open to the public and ensured public participation in the redistricting process.

Senate Bill 1023 of 2017 (passed), which was vetoed by the Governor, would have established a Temporary Redistricting Commission to prepare and adopt decennial districting plans for congressional districts in the State. The bill was contingent on the enactment of a nonpartisan congressional districting process that was substantially similar to the process and criteria outlined in the bill in each of the following mid-Atlantic region states: New York; New Jersey; North Carolina; Pennsylvania; and Virginia. The bill would have terminated if the contingency was not met by December 31, 2032.

The Temporary Redistricting Commission would have consisted of nine members. The President of the Senate, the Speaker of the House of Delegates, and the minority leaders of the Senate and the House of Delegates would have each appointed two members. The ninth member, who would have served as chair, would have been chosen by a vote of at least five of the members. The individual appointed chair could not have been affiliated with either of the principal political parties. Commission members would have had to meet specified requirements intended to ensure their impartiality, such as not having been a candidate for specified elected offices in the previous five years.

The commission would have been required to hold at least six public hearings throughout the State to receive public testimony concerning a redistricting plan and publish a final districting plan and map by a specified date.

Senate Bill 1023 would have established standards the commission would have had to follow in drawing congressional districts. Among other criteria, congressional districts would have had to (1) respect the geographic integrity of any municipal corporation or county, to the extent possible; (2) be geographically contiguous; and (3) to the extent practicable, be drawn to encourage geographical compactness. The commission could not have drawn a congressional district:

- to favor a political party, an elected official, or any other person or group, or for the purpose of augmenting or diluting the voting strength of a language or racial minority group; or
- using the addresses of elected officials, political affiliations of registered voters, polling data, and any demographic information other than population head counts, except as required by the Constitution or laws of the United States.

The districting plan for congressional districts prepared and adopted by the commission would have taken effect without the need for any action by the General Assembly.

Ethics

Ethics Reform

During the 2017 session, the General Assembly passed *Chapter 31*, which substantially revised the Maryland Public Ethics Law. The Act modified conduct and disclosure requirements for State elected officials, public officials, employees, and lobbyists.

Conflicts of Interest

The Maryland Public Ethics Law provides that an interest of a legislator conflicts with the public interest if that interest tends to impair the legislator's independent judgment. The conflict disqualifies the legislator from participating in any legislative action or otherwise attempting to influence any legislation that relates to the conflict. The law provides that certain relationships create a presumed conflict of interest. The Act altered the definition of "legislative action" to include testimony or other advocacy before a unit of State or local government. It also expanded the definition of "close economic association" to include the association between a legislator and an entity with which the legislator is negotiating employment or arranging for prospective employment, as well as the association between a legislator and the legislator's employer, employee, or business or professional partner. The Act increased the stock ownership threshold which establishes a close economic association from \$25,000 or more to \$35,000 or more. However, the Act further specified that a close economic association does not include a legislator's ownership of stock through an exchange-traded fund, in which the legislator does not control individual investments.

The Act expanded the circumstances under which a presumed or apparent conflict of interest exists, which may prohibit a legislator from participating in the legislative action unless the legislator disclaims the conflict of interest by submitting a written statement to the Joint Committee on Legislative Ethics (Ethics Committee) that the circumstance does not prevent the legislator from acting objectively, fairly, and in the public interest. The Maryland Public Ethics Law prohibits a legislator from disclaiming a conflict that is direct and personal to the legislator, a member of the legislator's immediate family, or the legislator's employer.

Representation Limits

The Act altered the time period during which a former member of the General Assembly is prohibited from assisting or representing another party for compensation in a matter that is the subject of legislative action from one full regular session to one calendar year after the member leaves office. The Act established the same restriction for the Governor, Lieutenant Governor, Comptroller, Attorney General, and State Treasurer.

The Act further specified that a former regulated lobbyist who is or becomes subject to regulation as a public official or employee generally may not participate in a case, contract, or other specific matter as a public official or employee for one calendar year after the termination of the registration of the former regulated lobbyist, if the person previously represented or assisted another party for compensation in the matter.

Prestige of Office

The Act prohibited an official or employee from intentionally using the prestige of office or public position to influence the award of a State or local contract to a specific person, except in the performance of a usual and customary constituent service, without additional compensation, or as part of the official duties of the individual. Also, an official may not directly or indirectly initiate a solicitation for a person to retain the compensated services of a particular regulated lobbyist or lobbying firm. Furthermore, a public official or employee may not use public resources or the title of office or position to solicit a political contribution that is regulated under the Election Law Article. A State official may not use public resources to solicit a political contribution.

Reporting Requirements

The Act expanded the information that a legislator is required to report to the Ethics Committee and on an annual financial disclosure statement. The Act required a legislator to report, except in a judicial or quasi-judicial proceeding, the name of any client of the legislator or of a business entity in which the legislator has an ownership interest if the legislator is assisting the client with seeking a governmental contract, license, or other competitive award and the legislator expects to receive a direct financial benefit as a result of the award. If the legislator's spouse is a regulated lobbyist, the legislator must also report the name of each entity that has engaged the legislator's spouse for lobbying purposes.

The Act repealed the State Ethics Commission's authorization to grant exemptions from the requirement that individuals who are required to file financial disclosure statements file those statements electronically. On or before January 15 of each year, a governmental unit must provide a list of the entities that did business with the governmental unit during the preceding calendar year to the employees who are required to file a financial disclosure statement. The Act altered the content of the disclosure statement to require the reporting individual to report only debt, excluding retail credit accounts, owed during the applicable time period to entities regulated by the individual's governmental unit rather than any entity that does business with the State. Also, the statement must include specified information on each entity that has engaged the legislator's spouse for the purpose of lobbying, if the legislator's spouse is a regulated lobbyist.

The Act expanded public access to disclosure statements by requiring, for statements submitted on or after January 1, 2019, that the State Ethics Commission must make available to the public, through an online registration program, the financial disclosure statements that are filed by State officials, candidates for State office, and a Secretary of a principal department in the Executive Branch. However, neither the State Ethics Commission nor the Ethics Committee may provide public access to the portion of a statement that includes the filer's home address.

Regulated Lobbyists

Regulated lobbyists may serve on certain State boards or commissions, subject to regulations adopted by the State Ethics Commission that must include certain disclosure requirements. The Act clarified that these disclosure requirements must be substantially similar to certain disclosures that legislators are required to make to the Ethics Committee. Additionally, the regulations must require that, if a lobbyist who serves on a State board or commission is disqualified from participating in a specific matter due to a conflict of interest, the regulated lobbyist must file a statement of recusal describing the circumstances of the conflict with that State board or commission.

Bribery

A public employee may not demand or receive a bribe to influence the performance of the employee's official duties. In addition, a person may not bribe or attempt to bribe a public employee to influence the employee's performance of an official duty. A person who is guilty of bribery is subject to imprisonment and fines. The Act increased the potential fines from a range of \$100 to \$5,000 to a range of \$1,000 to \$10,000.

Administration of the Public Ethics Law

The State Ethics Commission, the Ethics Committee, and the Commission on Judicial Disabilities, or another body designated by the Court of Appeals administer the conflict of interest and financial disclosure provisions of the Public Ethics Law. *Chapter 160 of 2015* authorized these entities to provide confidential, informal advice in addition to issuing formal advisory opinions. *Chapters 176 and 177 of 2016* specified that the Court of Appeals also may designate the Judicial Ethics Committee as a body to administer the provisions of the Public Ethics Law that apply to State officials of the Judicial Branch.

An individual who assists an executive unit of State government in activities related to the drafting of specifications, an invitation for bids, or a request for proposals for a procurement, or the selection or award made in response to an invitation for bids or request for proposals may not submit a bid or proposal on that procurement. The restriction also applies to a person who employs an individual who performs any of these activities. *Chapter 271 of 2015* transferred to the Maryland State Board of Contract Appeals from the State Ethics Commission responsibility for administering this restriction and the jurisdiction to consider appeals of actions taken by a procurement unit alleging a violation of this restriction.

Chapter 519 of 2017 provided that members and employees of local boards of license commissioners and local liquor control boards are public officials subject to the Maryland Public Ethics Law except in a county in which the county council or board of county commissioners sits as a board of license commissioner or as a liquor control board.

Local Government Ethics Requirements

Counties, municipal corporations, and local school boards must adopt financial disclosure and conflict of interest provisions for elected local officials and members of school boards that are equivalent to or exceed the corresponding requirements for State officials. *Chapter 201 of 2016* provided that any modifications to these provisions must be made in accordance with regulations adopted by the State Ethics Commission and consistent with the intent of the Maryland Public Ethics Law. *Chapter 457 of 2018* required each local ethics commission or appropriate entity to meet at least once annually and report on the entity's activities to the local governing body.

The Maryland Public Ethics Law includes special provisions for Frederick County. *Chapters 272 and 273 of 2018* altered these provisions by requiring an appointed member of the Frederick County Board of Zoning Appeals, the Frederick County Ethics Commission, the Frederick County Planning Commission, or the Board of License Commissioners for Frederick County to vacate the member's position on the board or commission within 48 hours after opening a campaign account through a campaign finance committee. Additionally, the Acts expanded a prohibition against an applicant for certain zoning or land use changes from making a political contribution of \$100 or more to a member of the governing body of Frederick County to include an agent of a business entity that is an applicant.

Procurement

Comprehensive Procurement Reform

In 2013 and 2014, analyses of the State's procurement system released by the Board of Public Works (BPW) and the Department of Legislative Services, respectively, portrayed a system that was inefficient and fragmented. The analyses also found that vendors were reluctant to participate in State procurements and that procurement staff in the State lacked adequate training and growth opportunities. In December 2016, the Governor's Commission to Modernize State Procurement released its final report, which included 57 recommendations to address many of the issues raised by the two earlier reports. Together, *Chapters 438, 588, 589, and 590 of 2017* implemented many of the commission's recommendations.

Specifically, *Chapter 590 of 2017* consolidated oversight of State procurement by establishing the position of Chief Procurement Officer (CPO) within the Department of General Services (DGS) and also reduced the number of control agencies (which control specified procurements by other agencies) and primary procurement units (which can carry out their own procurement without approval by another agency). The CPO is appointed by the Governor with the advice and consent of the Senate. *Chapter 590* left just two *de facto* control agencies (DGS and

the Treasurer's Office) and reduced the number of primary procurement units from 10 to 7. However, through the CPO, DGS was given authority to delegate procurement authority to agencies with specific expertise. DGS was also given authority to carry out additional functions to improve the efficiency and transparency of State procurement, including developing performance metrics, implementing strategic sourcing, compiling statistics on State purchasing, and overseeing procurement officer training.

Chapter 590 also established a framework for improving the State's procurement system. The Act charged:

- the Attorney General with establishing a centralized procurement attorney office to represent all State agencies in bid protests and contract claims;
- DGS with developing a work plan to implement the CPO position and other related provisions; and
- DGS and the Department of Budget and Management with implementing new job titles and classifications for procurement staff that establish clear lines of authority, a single path of advancement, and consistency in job descriptions and compensation across agencies.

Chapters 588 and 589 of 2017 implemented additional recommendations by the commission, including (1) streamlining the process for the procurement of architectural and engineering contracts valued at more than \$200,000; (2) repealing the statutory preference for the use of competitive sealed bids in State procurement; (3) expanding authority for master contracting; and (4) raising the small procurement threshold from \$25,000 to \$50,000 to give agencies more flexibility in purchasing limited quantities of goods or discrete services.

Other Major Procurement Reforms

Although not part of the package of procurement reform legislation stemming from the commission's work, two other pieces of legislation overhauled components of the State's procurement system. **Chapter 774 of 2017** altered the process for using intergovernmental cooperative purchasing agreements (ICPAs) to ensure that they are economically and procedurally beneficial to the State. It required a primary procurement unit to (1) make a determination before it initially sponsors, participates in, renews, or modifies an ICPA and (2) post the determination on the unit's website. The determination must be in writing and include specified information regarding the potential benefits of the agreement.

Chapters 580 and 581 of 2016 restricted the use of change orders on State construction projects in order to ensure that contractors and subcontractors are fairly compensated for them. Under prior law, regulations, and procedures, contractors were often required to begin working on change orders before they were finalized in writing because of the time constraints inherent in construction projects. Under **Chapters 580 and 581**, State agencies may not require prime contractors – and prime contractors may not require subcontractors – to begin work on change orders until a written order is issued and specifies how the State will pay for the work, subject to

specified conditions. However, the Acts did not prohibit a procurement officer from compelling the prime contractor to perform work or furnish labor and materials that are required under the contract.

Preference Programs

Legislation enacted during this term made changes to several programs in State law that give preferences to specified types of vendors, including small businesses, minority-owned businesses, veteran-owned businesses, and Blind Industries and Services of Maryland (BISM).

Small and Minority-owned Businesses

Chapter 340 of 2017 extended the termination date of the State’s minority business enterprise (MBE) program by five years, to July 1, 2022, and required a new disparity study by September 2021. *Chapters 335 and 336 of 2018* extended by one year the requirement that a video lottery facility applicant or licensee comply with the MBE participation goal in State law and any other corresponding MBE provisions. *Chapter 119 of 2016* repealed the termination date for the Small Business Reserve (SBR) program and made the Governor’s Office of Small, Minority, and Women Business Affairs responsible for administering the program.

Chapter 438 of 2017, which implemented recommendations by the Governor’s Commission to Modernize State Procurement related to both the MBE and SBR programs, expanded SBR to apply to all State agencies (instead of just 23 agencies), raised the program’s goal from 10% to 15% of the value of agency procurements, and required agencies to apply only payments made under contracts awarded under SBR toward their total SBR participation goal. It also clarified the conditions under which MBEs may be removed from a contract and altered the calculation of MBE participation to account for the fact that some MBEs serve only as brokers rather than producers of goods and services.

Veteran-owned Businesses

The Veteran-Owned Small Business Enterprise (VSBE) program sets a goal for the percentage of State procurement spending to be awarded to veteran-owned small businesses. *Chapters 343 and 344 of 2015* raised the goal from 0.5% to 1.0% of State procurement spending. *Chapters 708 and 709 of 2017* repealed the program’s requirement that veteran-owned businesses be verified by the Center for Veterans Enterprise of the U.S. Department of Veterans Affairs. Instead, *Chapter 740 of 2018* required that the Maryland Department of Veterans Affairs verify that an individual who claims to be a veteran under the VSBE program actually served on active duty in the Armed Forces of the United States. *Chapter 740* also transferred responsibility for administering the VSBE program from BPW to the Governor’s Office of Small, Minority, and Women Business Affairs.

Blind Industries and Services of Maryland

Under State law, BISM is a “preferred provider,” which means that a State or State-aided or -controlled entity must purchase from BISM if the desired good or service is available from

BISM but not from Maryland Correctional Enterprises. *Chapter 415 of 2015* merged BISM's Pricing Committee with the Pricing and Selection Committee for the Employment Works Program (another preferred provider). The new committee must ensure that supplies and services provided by BISM or a community service provider create work opportunities for individuals with mental or physical disabilities, including blindness. *Chapter 635 of 2017* specified that a statutory requirement that State contractors purchase janitorial products from BISM applies only if the products are available from BISM and that they are made, manufactured, remanufactured, or assembled by BISM.

Outsourcing of Government Services

It is the policy of the State to use State employees to perform State functions in State-operated facilities rather than contracting out services to private-sector companies. Unless otherwise exempt from this requirement, Executive Branch agencies in the State Personnel Management System (SPMS) seeking to procure service contracts must demonstrate that the contract will meet specified cost-saving thresholds. *Chapter 403 of 2015* required Executive Branch agencies with independent personnel systems to adopt rules and regulations similar to those that apply to other agencies in SPMS. It also required agencies that enter into nonexempt service contracts to give employee representatives a reasonable opportunity to meet and discuss alternatives to the contract. *Chapters 65 and 66 of 2016* further expanded the policy by requiring that procurement policies developed by public four-year institutions of higher education promote the purpose of the State policy and otherwise conform to State policies related to outsourcing services.

Public-private Partnerships

State law authorizes the use of public-private partnerships (P3) to deliver public infrastructure assets using a long-term, performance-based agreement between specified State agencies and a private entity. Under P3s, a private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function. *Chapter 830 of 2018* clarified that the State may not provide compensation to a private entity that is a party to a P3 agreement for transit projects or transit service improvements for other transportation modes that are not the subject of the P3 agreement, even if those projects result in a documented revenue loss for the private entity. It further clarified that a P3 agreement for a project involving road, highway, or bridge assets may not include a noncompete clause that would inhibit the planning, construction, or implementation of State-funded transit projects.

State Center is a 28-acre property in Baltimore City that is owned by the State and includes several State office buildings and the Fifth Regiment Armory. A P3 agreement between the State and State Center LLC to redevelop the site, with an estimated total cost of \$1.5 billion, was approved by BPW in 2010. In December 2016, BPW voted to void the office leases used to fund the project and filed suit against State Center LLC to cancel the project. State Center LLC filed a countersuit seeking compensation for its role in the project, and the status of the project remains uncertain pending the outcome of the legal proceedings. *Chapters 839 and 840 of 2018* specified

that the State may not enter into a new or modified contract or plan for the development of State Center unless it meets specified conditions. The Acts also required a developer who is a party to a new contract or plan for the development of State Center to use best practical efforts to begin construction within 18 months after execution of the new contract and any associated plans.

Prevailing Wage

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. Eligible public works projects are generally (1) those carried out by the State; (2) an elementary or secondary school for which at least 25% of the money used for construction is State money; or (3) any other public work for which at least 50% of the money used for construction is State money. However, any public works contract valued at less than \$500,000 is not required to pay prevailing wages. Prevailing wages are wages paid to at least 50% of workers in a given locality who perform the same or similar work on projects that resemble the proposed public works project. *Chapters 817 and 818 of 2018* extended the application of the State's prevailing wage requirements to projects (1) located in a tax increment financing district created on or after July 1, 2018 and (2) built using proceeds from local government bonds authorized in statute for use in those districts. However, these requirements apply only if a political subdivision, Baltimore City, or the Revenue Authority of Prince George's County authorizes the payment of prevailing wages for the relevant construction project.

Procurement of Information Technology

The Department of Information Technology (DoIT) is responsible for adopting and enforcing standards for nonvisual access to the State's information technology (IT) resources. *Chapters 631 and 632 of 2018* required DoIT to adopt a new nonvisual access standard by January 1, 2020, that is consistent with federal standards. For IT procured before that date, DoIT must work with vendors to modify the existing IT to meet the new standard. For IT procured after that date, DoIT must enforce compliance with the new standard, including assessing a civil penalty of \$5,000 for a first offense and \$10,000 for a second offense against any vendor that does not come into compliance within 12 months of being notified that they are out of compliance. However, an IT project or service is exempt from requiring nonvisual access if the cost of modifying the technology to meet the standard would increase the price of the procurement by more than 15%, instead of by more than 5% under current law.

Personnel

State employee compensation and benefits have been slow to reap the benefits of the improved economy during the 2015-2018 term as the State continued to grapple with structural general fund shortfalls. Funding for performance-based merit or step increases for State employees was only provided in the fiscal 2017 budget, and State employees did not receive any salary increases in the fiscal 2016 and 2018 budgets. While State employee compensation did not follow an improved economy, State employees did see some benefit enhancements during the

term, including paid parental leave. There were also improvements to collective bargaining procedures.

Impact of Budget Actions on State Employees

As introduced, the fiscal 2016 budget reduced State employee salary schedules by 2%. However, the General Assembly amended the fiscal 2016 budget to set aside funds to offset the 2% reduction in State salary schedules and the Governor appropriated those funds to restore the 2% reduction in State employees' salaries in fiscal 2016. The fiscal 2017 budget and the fiscal 2018 budget did not include a cost-of-living adjustment for State employees, but the fiscal 2017 budget included funds for merit or step increases for State employees based on their performance. The fiscal 2019 budget includes a 2% general salary increase, effective January 1, 2019. If fiscal 2018 general fund revenues exceed forecasted levels by at least \$75 million, employees will receive an additional 0.5% increase and a \$500 bonus effective April 1, 2019.

During the 2011-2014 term, there was an increase of 2,286 positions in the regular Executive Branch State workforce. However, during the 2015-2018 term, the regular State workforce has remained relatively stable with only small annual decreases. At the beginning of the term, the regular State workforce, including State higher education institution employees, totaled 80,807 positions and by the end of the term the total was 80,409 positions. For a more detailed discussion of the impact of budget actions on State employees, see the subpart "Operating Budget" of Part A – Budget and State Aid of this *Major Issues Review*.

Compensation and Benefits

Although State employee compensation did not change substantially during the term, changes in law were enacted that affected State employee compensation.

State Employee Compensation

Unless otherwise specified, most State employees are either in the State Personnel Management System or the Maryland Department of Transportation's Human Resource Management System, and subject to either the Standard Pay Plan or the Executive Pay Plan, which are effective in a fiscal year only to the extent that sufficient funds are available in the State budget. Pay rates in the Standard Pay Plan may be set by a series of pay grades and steps within each grade, fixed rates, or minimum and maximum amounts. Salary guidelines established by the Secretary of Budget and Management provide that employees who receive positive performance evaluations are entitled to step increases in their salary grade. *Chapter 199 of 2015* codified existing practice by establishing that regulations adopted by the Secretary related to the Standard Pay Plan must provide for automatic increases, from minimum to maximum steps in a pay grade, of the pay rates set by the Standard Pay Plan for an employee whose overall performance is rated satisfactory or above on the employee's annual performance appraisal form.

Since January 2008, the Department of Budget and Management (DBM) worked to replace the State's legacy personnel system. Since the rollout of components of the new personnel system

(Workday), there have been problems involving employee payroll. In spring 2016, DBM reported that a problem with overtime calculations had been found. When Workday was implemented in all State agencies in fall 2016, payroll problems were reported, particularly in the State agencies with 24/7 institutions. The implementation of Workday also brought to light concerns that the State's legacy system had been miscalculating overtime costs for years.

To address some of the payroll problems with the implementation of Workday, **Chapter 783 of 2017** required the Central Payroll Bureau to establish regular pay periods and pay each employee following procedures that apply to private-sector employers under the Wage Payment and Collection Law in the Labor and Employment Article. If an appointing authority does not report required payroll information, the employee or the employee's exclusive representative may initiate a grievance, in accordance with the State's grievance procedure, within 20 days after the date on which the failure to pay occurred. If the failure to pay is not known to, or discovered by, the employee within 20 days after the failure to pay occurs, a grievance may be initiated no later than six months after the date on which the failure to pay occurred.

An employee who files a grievance under the provisions of **Chapter 783** is entitled to wages and damages after a grievance is initiated, unless the wage is withheld due to a bona fide dispute. A decision maker at step two or three of the grievance procedure must order the payment of damages in accordance with specified provisions on a finding that wages were withheld in violation of the Act. An employee who was eligible to file a grievance under a retroactive provision for an action that occurred from March 16, 2016, through June 30, 2017, could do so without regard to any time limitation in current law if the grievance was initiated by July 31, 2017. **Chapter 783** terminates on June 30, 2019.

State Employee Benefits

Chapter 752 of 2018 provided up to 60 days of paid parental leave to an employee in the Executive Branch of State government, who is the primary caregiver responsible for the care and nurturing of a child, to care for the child immediately following either the child's birth or the adoption of a child who is younger than age six. An employee entitled to parental leave may first use available accrued annual leave and personal leave. If that leave is less than 60 days, the State agency for which the employee works must provide the employee with additional paid leave to attain 60 days of parental leave. Before an employee uses parental leave, approval must be obtained from the appointing authority, and the Secretary must adopt regulations governing requesting and approving parental leave.

Chapter 435 of 2015 altered sick and family leave policies for State employees of units in the Executive Branch of State government. A unit may not limit to less than 60 days the aggregate number of accrued sick leave days that two State employees who are responsible for the care and nurturing of a child may use, without certification of illness or disability, to care for the child immediately following its birth or adoption. In addition, when implementing the federal Family and Medical Leave Act of 1993, a unit may not limit to less than 24 weeks the aggregate number of weeks of family and medical leave that two employees who are married to one another may use during a 12-month period for the birth of a child; the placement of a child through adoption or

foster care; a serious health condition of a child who is a minor; or the care of an adult child, if the adult child is incapable of self-care.

State Employee Collective Bargaining

The U.S. Supreme Court, in *Abood v. Detroit Board of Education*, 431 U.S. 209 (1977), found that, while an exclusive representative could collect a fee from nonunion members, the fee revenues could not be used to support ideological causes not germane to the organization's duties as the collective bargaining representative. The U.S. Supreme Court agreed in September 2017 to hear a case, *Janus v. American Federation of State, County, and Municipal Employees*, No. 16-1466, which challenges the constitutionality of the court's decision in *Abood* under the First Amendment. The U.S. Supreme Court is expected to come to a decision in early summer of 2018. If the court rules in favor of *Janus*, the ruling could potentially decrease the funding and membership of public unions. A number of bills relating to the impending Supreme Court decision were introduced during the 2018 session.

Access to New Employees and Employee Information

Chapters 24 and 27 of 2018 granted each exclusive representative the right to communicate with the employees it represents. The Acts required DBM, the University System of Maryland system institutions, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College to provide employee information, including contact information, in a searchable and analyzable electronic format to an exclusive representative within 30 days of a new employee's hire. The right of employees to opt out of the release of their personal information to an exclusive representative was repealed, although on written request of an employee, an exclusive representative must withhold further communication with an employee unless otherwise required by law or the written request is revoked by the employee. The content of the employee's personal information that must be provided was expanded to include a work email address and the employee's PIN. Additionally, matters relating to the time and manner of access to a new employee program may be negotiated.

The State and public higher education institutions must also permit an exclusive representative to attend and participate in a new employee program that includes one or more employees who are in a bargaining unit represented by the exclusive representative, and must provide the exclusive representative at least 10 days' notice of the program. The new employee program may be a new employee orientation, training, or other program determined through negotiation between the State or public higher education institutions. The exclusive representative must be permitted 20 minutes, or longer if successfully negotiated, to collectively address all new employees in attendance during a new employee program. New employees are to be encouraged by the unit to attend the portion of a new employee program designated to the exclusive representative, but they may not be required to attend upon an objection by the employee.

Memorandum of Understanding

The outcome of collective bargaining negotiations are normally incorporated into a Memorandum of Understanding (MOU). *Chapters 23 and 26 of 2018* prohibited a MOU that is

agreed to and ratified for State employee collective bargaining units from expiring until a new MOU is agreed to and ratified. Therefore, until there is a new MOU, the terms of an existing MOU will continue in force and effect without any changes. Based on a verified complaint by an exclusive representative of a bargaining unit, the exclusive representative may file an action in a circuit court against the State or public higher education institutions to enforce the terms. On receipt of an action submitted by the exclusive representative, the court must issue a status quo order without a finding of irreparable harm to maintain a MOU and the terms in effect pending a final order in the action.

State Employees and Safeguard Practices

Workplace Harassment

State employment is not immune to matters related to workplace or sexual harassment. The Office of the Statewide Equal Employment Opportunity (EEO) coordinator, within DBM, is charged with administering and enforcing State and federal EEO laws and policies; promoting a work environment free of any unlawful discrimination, harassment, and retaliation; and assisting in the building of a well-diversified workforce of State government employees and applicants. Sexual harassment is a form of sex-based discrimination.

Chapter 791 of 2018 required all State employees, including employees in the Judicial and Legislative branches, to complete a cumulative two hours of in-person or virtual interactive training on sexual harassment prevention within six months of an employee's initial appointment and every two years thereafter. For Executive Branch units, the EEO coordinator must enforce the requirements of the Act and may recommend that a performance audit or review be performed by the Office of Legislative Audits if the EEO coordinator determines that a unit has not complied with the Act. For an additional discussion on workplace harassment, see the subpart "State Agencies, Offices, and Officials" of this Part C.

Other Safeguard Practices – Contested Cases

Generally, a party aggrieved by the final decision in a contested case is entitled to judicial review of the decision under the Administrative Procedure Act. *Chapter 704 of 2016* expanded the circumstances under which a court may reverse or modify a final decision in a contested case involving termination of employment or employee discipline. A court may reverse or modify the decision if any substantial right of the petitioner may have been prejudiced because a finding, conclusion, or decision fails to state a reasonable basis for the termination of the employee, or the nature and extent of the penalty or sanction imposed by the agency against the employee.

Pensions and Retirement

During this term, the General Assembly took significant action to restore the State Retirement and Pension System (SRPS) to full actuarial funding and to expand the Investment Division's size and capacity to manage the system's assets. It also enhanced benefits

paid to a number of discrete groups of SRPS members, most notably employees working within the State's correctional institutions who are not correctional officers.

Pension Funding

Chapter 489 of 2015, the Budget Reconciliation and Financing Act (BRFA), made substantial modifications to the State's pension funding formula. The BRFA repealed the corridor funding method beginning in fiscal 2017, and maintained the ongoing supplemental contribution but reduced it to \$75 million annually until the pension fund reaches the 85% funded level on an actuarial basis. The actuarial funding method is the preferred funding method among actuaries and is viewed favorably among credit rating agencies.

The corridor funding method was enacted during the 2002 legislative session and resulted in the State paying less than the full amount recommended by the system's actuaries each year for more than 10 years. The corridor funding method froze employer contribution rates for the Teachers' Combined Systems (TCS) and the Employees' Combined Systems (ECS) at the fiscal 2002 levels as long as each system's funding level was between 90% and 110%. When a system's funding level fell out of that "corridor," the contribution rate increased by 20% of the difference between the previous year's rate and the "full actuarial rate" necessary to fully fund future payments. ECS fell out of the corridor in fiscal 2005, and TCS followed in fiscal 2006. Chapters 475 and 476 of 2013 phased out the corridor funding method over 10 years, but *Chapter 489* accelerated the phase-out and restored full actuarial funding beginning in fiscal 2017.

Based in large part on recommendations by the 2010 Public Employees' and Retirees' Benefit Sustainability Commission, pension reform provisions of Chapter 397 of 2011 established a goal that SRPS would achieve an actuarial funding level of 80% within 10 years, in part by reinvesting savings generated by the pension reforms into the pension trust fund in the form of a supplemental contribution in excess of the statutorily determined contribution. The original intent of the supplemental contribution, initially set at \$300 million, was to narrow the gap between the amount contributed under the corridor funding method and the much higher amount that would have been contributed under full actuarial funding. The commission's final report recommended that as economic conditions improve and pension liabilities are reduced, an alternative funding model should be adopted that eliminated both the corridor funding method and the supplemental contribution. *Chapter 489* made progress in achieving that goal by repealing the corridor funding method earlier than recommended and reducing the supplemental payment to \$75 million until the system achieves 85% funding (as of the close of fiscal 2017, the system's funding ratio is 70.9%).

As a way to partially make up for the reduction in the supplemental payment, *Chapter 489* also required that one-half of the unappropriated general fund balance in excess of \$10 million be paid to the pension fund, up to a maximum of \$50 million annually, from fiscal 2017 through 2020. However, *Chapter 557 of 2017* maintained the requirement indefinitely beyond fiscal 2020, except that instead of the full payment going to the SRPS trust fund, *Chapter 557* required that, beginning in fiscal 2021, the payment is equally divided between the SRPS trust fund and the

Postretirement Health Benefits Trust Fund. The amounts contributed to each of the two funds may not exceed \$25 million in a given fiscal year.

Chapter 233 of 2016 provided for a phase-in of a closed amortization policy for unfunded accrued pension liabilities of participating governmental units (PGUs) in SRPS. This change reflects a similar change made to the amortization policy for State unfunded liabilities enacted in 2013.

System Investments

The Investment Division within the State Retirement Agency (SRA) is charged with investing system assets, as specified by the Board of Trustees for SRPS. The Chief Investment Officer (CIO) has the authority to hire and terminate external asset managers and to select the investment vehicles in which to invest. *Chapters 727 and 728 of 2018* gave the Board of Trustees for SRPS authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division and to set compensation for the positions, including incentive compensation. The legislation specified that compensation and operating expenses of the division are to be paid from the accumulation fund of each system instead of by participating employers, and that those expenses for the division are not subject to appropriation by the Governor and General Assembly. Incentive compensation for the CIO and other division staff is to be based on objective criteria and is subject to a cap and other restrictions.

Chapter 459 of 2016 authorized the SRPS board to enter into an agreement with the Maryland Technology Development Corporation or another entity to make and manage investments in private equity and venture capital in the State. The authorization extends to any State contribution to SRPS that is in excess of mandated State contributions. The Act established a goal of investing 50% of the available funds in commercialization of technology sponsored or created by a university in the State. Any investment made under the Act must be consistent with, and not compromise or conflict with, the board's fiduciary duties. *Chapters 727 and 728 of 2018* expanded the authorization to include supplemental funding to the system required to be appropriated in fiscal 2019 through 2022.

Chapter 769 of 2018 required the board, consistent with its fiduciary duties, to adopt policies regarding the management of risk, including climate risks, in the investment of system assets. Such policies must be incorporated in the Investment Policy Manual. Additionally, the legislation requires the SRPS board to report on the risk assessment of the system's investments. The reports on the risk assessment must be completed by January 31, 2019, and every year thereafter.

Expansion of the Correctional Officers' Retirement System

For many years, individuals working in State correctional institutions and juvenile detention centers who are not correctional officers have made a case that, because they encounter many of the same risks and challenging working conditions as correctional officers, they should be members of the Correctional Officers' Retirement System (CORS). CORS has a more generous

benefit structure than the Employees' Pension System (EPS), in which most of these individuals were members. Specifically, CORS (1) requires fewer years of service to reach eligibility for a normal service retirement; (2) provides a more generous benefit multiplier; and (3) has a lower required member contribution.

In 2006, the General Assembly passed legislation to include correctional dietary, maintenance, and supply workers in CORS. In 2008, legislation added correctional laundry workers and some employees of Maryland Correctional Enterprises. The General Assembly's efforts to expand CORS continued during this term. *Chapters 218 and 219 of 2016* added correctional case management specialists, supervisors, and managers. *Chapters 688 and 689 of 2017* added parole and probation agents, supervisors, and regional administrators. *Chapter 690 of 2017* added specified counselors, social workers, psychologists, and recreation officers within the Department of Public Safety and Correctional Services (DPSCS). *Chapters 579 and 580 of 2018* added specified detention officers, resident advisors, recreation specialists, and transportation officers within the Department of Juvenile Services and specified supervisory positions within DPSCS. In all, these pieces of legislation added more than 1,800 members to CORS who were previously enrolled in EPS.

In each instance, individuals working in the specified positions were made members of CORS as a condition of their employment, but were given a choice between transferring creditable service earned in EPS to CORS or keeping it in EPS, depending on which option was more favorable to each individual. However, *Chapters 579 and 580* specified that active members who had no creditable service in EPS before July 1, 2008, including those affected by *Chapters 218 or 219 of 2016 or Chapters 688, 689, or 690 of 2017*, and who had not already transferred their service credit from EPS to CORS must have their service credit from EPS transferred and combined with their service credit in CORS. For these individuals, based on their service credit history, transferring service credit from EPS to CORS is beneficial to them.

Benefit Enhancements

Several bills during this term enhanced benefits paid to specified groups of members and beneficiaries, including surviving beneficiaries of deceased members, State Police and other law enforcement officers, and teachers and State employees who return to active membership after a break in service.

Chapters 277 and 278 of 2017 made comprehensive changes to the survivor benefits paid to children of specified SRPS members, former members, and retirees. Specifically, the Acts extended benefit payments to surviving nondisabled children until each child turns 26 years old (up from 18), except for surviving children of a State Police Retirement System (SPRS) retiree. Disabled children now receive payments as long as they remain disabled. The Acts also specified that, if all individuals who are eligible for a special death benefit elect to waive payment of that benefit, a general death benefit is to be paid to them instead.

Deferred Retirement Option Programs (DROP) are common in law enforcement pension plans as a mechanism to encourage members who might otherwise be eligible to retire to remain

on the job for a few more years to reduce turnover. **Chapters 725 and 726 of 2018** altered the State's DROP to allow members of SPRS to remain in DROP for up to one additional year (for a maximum of five years). SPRS members already participating in DROP may elect to extend their time in DROP in accordance with certain limitations.

The Law Enforcement Officers' Pension System (LEOPS) was established on July 1, 1990, with participation a condition of employment for specified public safety officers, including law enforcement officers and firefighters of PGUs. **Chapter 784 of 2018** raised the cap on the retirement allowances that may be paid to specified members of LEOPS from 60% of the member's average final compensation to 65%.

In general, a member of EPS or the Teachers' Pension System (TPS) who becomes a member on or after July 1, 2011, is subject to the Reformed Contributory Pension Benefit, a new benefit tier established on that date. However, statute allows specified individuals who (1) were members of EPS/TPS before that date; (2) were separated from employment; and (3) returned to EPS/TPS on or after July 1, 2011, under specified conditions to resume participation in the Alternate Contributory Pension Selection (ACPS), which was the benefit tier available before July 1, 2011. **Chapter 163 of 2015** allowed individuals who had vested in ACPS on or before June 30, 2011, to resume participation in ACPS if the individual resumed employment on or before June 30, 2016. **Chapter 188 of 2016** repealed the June 30, 2016 deadline for returning to EPS/TPS and resuming participation in ACPS.

Elected and Appointed Officials

Provisions of the Legislative Pension Plan require that members of the General Assembly forfeit benefits payable to them if they are convicted of or plead *nolo contendere* to specified crimes while in office, but there were not similar provisions for other elected or appointed officials who hold statewide office. **Chapter 220 of 2016** allowed retirement and pension benefits payable to specified elected and appointed State officials to be forfeited in whole or in part if the official is found guilty of, pleads guilty to, or enters a plea of *nolo contendere* to specified crimes. The forfeiture applies only to crimes committed and service credit earned after the Act's effective date of January 9, 2019. The Act includes various protections for family members of the officials, allows the officials to receive a refund of accumulated contributions, and specifies that benefits may not be forfeited if doing so would jeopardize the tax qualified status of the pension system.

Membership in EPS became mandatory for elected and appointed officials who took office on or after July 1, 2004, as well as other specified governmental employees who, until then, had optional membership in EPS. In a study requested by the General Assembly, SRA noted that employee and employer contributions were still required to be made for these individuals even though there was a high likelihood that many of them would not satisfy a new 10-year vesting requirement enacted in 2011. **Chapter 182 of 2015** reinstated optional membership in EPS for elected and appointed officials, other specified governmental employees who had optional membership prior to July 1, 2004, and employees of a PGU who were employees prior to the PGU's effective date of participation. Optional membership was not extended to an individual who was required to be a member of EPS on or before June 30, 2015.

Retirement Security for Private-sector Employees

Since the 1980s, employee access to pension and retirement savings plans has declined. The share of employees with a defined benefit pension plan dropped from 88% in 1983 to 32% in 2010, with private-sector employees bearing the brunt of the decline in access to pension plans. This decline has shifted the burden for saving for retirement from employers to employees, but many employees do not have access to an employer-sponsored plan.

Beginning in 2012, several states have enacted plans to expand access to retirement savings vehicles to private-sector employees, and the federal government issued preliminary regulations that offered a safe harbor to states looking to enact programs that are not subject to the federal Employee Retirement Income Security Act. *Chapters 323 and 324 of 2016* established the Maryland Small Business Retirement Savings Program and Trust. The program consists of individual retirement accounts that operate in accordance with federal law and offer employees multiple investment options, including a default option chosen by the board for employees who do not actively select an investment option. After the program becomes operational, employers that participate in the program, as well as those that provide an alternative or existing pension or retirement plan to their employees, are exempt from paying the State's annual filing fee for corporations and other business entities.

For additional discussion of the program, see the subpart "Labor and Industry" of Part H – Business and Economic Issues of this *Major Issues Review*.

General Assembly

Department of Legislative Services

Reorganization

The Department of Legislative Services (DLS) is the nonpartisan staff agency for the General Assembly. *Chapter 281 of 2018* reorganized DLS by establishing the new Office of Operations and Support Services, which is comprised of the previous Office of Information Systems along with various support services. *Chapter 281* also required DLS to consult with the Department of Budget and Management to study the effectiveness and public accessibility of the goals developed in the Managing for Results State Comprehensive Plan and its objectives and performance measures by October 1, 2019. The study must include an evaluation of and recommendations on the creation of a consistent and ongoing system to measure government performance through an Open Performance Maryland System.

Harassment and Discrimination Complaints and Training

Chapter 525 of 2018 modified the process used to address harassment and discrimination in State government. With respect to the Legislative Branch, the Act provides that the Joint Committee on Legislative Ethics (Ethics Committee) must review complaints filed with the

Ethics Committee alleging a violation of the legislature’s Antiharassment Policy and Procedures by a legislator. Unless an alleged victim objects, the Ethics Committee must refer a complaint alleging harassment, discrimination, or retaliation to an outside independent investigator for evaluation. After the investigator completes an evaluation, if the investigator does not recommend dismissal of the complaint, the investigator is required to investigate the complaint. The investigator will make recommendations to the Ethics Committee for further action. The Legislative Policy Committee (LPC) must update the legislature’s Antiharassment Policy and Procedures and include provisions related to members of the press by December 15, 2018. Going forward, LPC must update the legislature’s policy every two years. Finally, DLS must maintain electronic records regarding workplace harassment prevention training of legislators, General Assembly employees, and DLS employees. Records regarding legislators must be posted on the General Assembly’s website. For a more detailed discussion of *Chapter 525* and workplace harassment, see the subpart “State Agencies, Offices, and Officials” of this Part C.

General Assembly

Public Ethics Law

During the 2017 session, the General Assembly substantially revised the Maryland Public Ethics Law which establishes conduct and disclosure requirements for State elected officials, public officials, employees, and lobbyists. *Chapter 31 of 2017* included specific provisions that apply to members of the General Assembly, including what constitutes a presumed conflict of interest, limits on representation of parties by former members, and specified reporting requirements. For a more detailed discussion of *Chapter 31*, see the subpart “Ethics” of this Part C.

Legislative Oversight

Statutory Committees

The General Assembly creates various groups to conduct in-depth studies of important policy issues. During the 2015-2018 legislative term, the General Assembly created and modified a number of these groups.

Chapter 464 of 2015 created the Joint Committee on Behavioral Health and Opioid Disorders, which has oversight over the Prescription Drug Monitoring Program and over State and local programs to treat and reduce behavioral health and opioid use disorders.

Chapter 42 of 2015 established the Justice Reinvestment Coordinating Council, which was tasked with developing a statewide framework of sentencing and corrections policies to reduce the State’s incarcerated populations, reduce spending on corrections, and reinvest in strategies to increase public safety and reduce recidivism. Subsequently, *Chapter 515 of 2016* established the Justice Reinvestment Oversight Board in the Governor’s Office of Crime Control and Prevention. The board must (1) monitor and coordinate progress and compliance with the recommendations of the Justice Reinvestment Coordinating Council; (2) make additional legislative and budgetary recommendations for future data-driven, fiscally sound criminal justice policy changes; (3) collect

and analyze data regarding pretrial detainees; (4) create performance measures to assess the effectiveness of Performance Incentive Grants; and (5) consult and coordinate with the Local Government Justice Reinvestment Commission and other units of State and local jurisdictions covering justice reinvestment issues. For a more detailed discussion of this issue, see Part E – Crimes, Corrections, and Public Safety of this *Major Issues Review*.

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to review the findings of a study of the adequacy of education funding in the State and related studies, and provide recommendations on preparing students in the State to meet specified objectives. For a more detailed discussion of the commission, see the subpart “Education – Primary and Secondary” of Part L – Education of this *Major Issues Review*.

Program Evaluation (“Sunset Review”)

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

During the 2015-2018 legislative term, program evaluation (“sunset review”) activities focused on the following regulatory agencies and programs:

- State Board of Law Examiners;
- State Board of Professional Counselors and Therapists;
- Mold remediation licensure program;
- Maryland Insurance Administration;
- Elevator Safety Review Board;
- State Board of Morticians and Funeral Directors;
- State Board of Physicians;
- Licensing and regulation of security systems agencies and technicians;

- State Board of Environmental Health Specialists; and
- State Board of Nursing Home Administrators.

Annotated Code

Code Revision – Alcoholic Beverages Article

With the enactment of the Alcoholic Beverages Article, the General Assembly completed the long-term project to revise Maryland’s entire code of statutory laws. The purpose of the code revision project, which began in the 1970s, was to reorganize statutory provisions and restate them in clear language and a modern format without making substantive changes to the law being revised. The Alcoholic Beverages Article is the thirty-sixth and final product of that effort.

Chapter 41 of 2016 revised, restated, and recodified the laws of the State that relate to alcoholic beverages. Former Article 2B – Alcoholic Beverages was repealed in its entirety. For a further discussion of the Act, see the subpart “Alcoholic Beverages (Statewide)” of Part H – Business and Economic Issues of this *Major Issues Review*.

Part D

Local Government

Local Governments

Counties

Disparity Grants

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions to help address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources.

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

Chapter 472 of 2018 extended, for an additional two years, the enhanced State funding provided under the disparity grant program to counties with a local income tax rate of 3.2% and altered the termination date to extend the enhanced State funding through fiscal 2021.

Regulation of Splash Pads

Chapters 234 and 235 of 2018 authorized the governing body of a county to adopt and enforce rules and regulations to govern the sanitary condition of “splash pads” and any sanitary feature connected to a splash pad. A “splash pad” is defined as an outdoor play area (1) with sprinklers, fountains, nozzles, or other devices or structures that spray water; (2) in which water is not allowed to accumulate; and (3) that is not used for submersion of the human body.

Intergovernmental Cooperation

Chapter 228 of 2015 authorized Cecil County and Queen Anne’s County to contract with another governmental entity for the joint or cooperative performance of governmental functions.

Chapter 228 also authorized Cecil County and Queen Anne's County to accept any gift or grant from the federal or State government or any unit of federal or State government and use the gift or grant for any lawful purpose for which it is received.

Municipalities

Municipal Elections

Municipalities have considerable discretion as to the manner in which local officials are elected, and most State laws on elections do not apply to municipalities. Municipal charters establish the terms of office and dates of elections and outline local election procedures. *Chapter 280 of 2016* required municipalities to fill a vacancy that resulted from a tie vote in an election for a municipal office within 90 days after the date of the election.

Municipalities must provide a procedure by which a qualified voter may vote by absentee ballot in a municipal election and may use any method to enable absentee voters to vote, including using any facilities to transmit and receive applications for absentee ballots. *Chapters 745 and 746 of 2018* prohibited a municipality from requiring an individual to provide a reason that the individual will be unable to vote in person on Election Day in order to vote by absentee ballot.

Charter Amendments

An amendment to the charter of a municipality may be initiated either by formal action of the governing body of the municipality or by the petition of 20% of the qualified voters of the municipality. *Chapter 285 of 2018* required the legislative body of a municipality to hold a public hearing and give at least 21 days' advance notice of the public hearing before adopting a resolution that amends the municipal charter that is initiated either by the legislative body or by a petition.

Parking Authorities

Under the Parking Authorities Act, a parking authority, though mainly governed by local law, has as its main purpose the construction, maintenance, operation, and regulation of parking facilities in the jurisdiction. A parking authority may collect fees at authority parking facilities or issue tax-exempt bonds in order to raise money for the purchase of property and the construction of facilities or improvements. Any net earnings an authority realizes must be utilized for the benefit of the jurisdiction. If an authority is terminated, all of its obligations and assets are transferred to the local jurisdiction.

Chapter 181 of 2015 authorized municipalities to establish parking authorities under the Parking Authorities Act. Municipalities are required to determine specified matters by local law including budgetary and financial procedures and the authorization, issuance, sale, delivery, and payment of specified revenue bonds as authorized under the Parking Authorities Act. *Chapter 181* also prohibited municipalities from granting independent taxing authority to a parking authority.

Docking Fees

Municipalities may impose, by ordinance, a user fee on charges for the docking and storage of boats and must use any revenue from the user fee to maintain and enhance (1) water quality; (2) water and wastewater treatment facilities; (3) marinas; (4) law enforcement; (5) public safety; or (6) fire services.

Chapter 135 of 2016 expanded the authorized uses of user fee revenue to include land acquisition and the related construction and maintenance of public facilities to enhance public use and water access.

Counties and Municipalities

Highway User Revenues – Local Government Reporting

Chapter 638 of 2014 required Baltimore City and each county and municipality that receives local highway user revenues to submit a report by January 1 of each year detailing (1) the actual local highway user expenditures incurred in the previous fiscal year; (2) the projected expenditures for the current fiscal year; and (3) for both the prior and current fiscal year, the local highway user revenues spent on specified projects. The report must be submitted to the State Highway Administration (SHA), the Governor, and specified legislative committees.

Chapter 286 of 2015 prohibited SHA from distributing highway user revenues to any local jurisdiction that has not submitted its required annual report related to highway user revenue accounting. *Chapter 286* also repealed the requirement that local jurisdictions submit those reports to the Governor and specified legislative committees. Instead, local jurisdictions must submit those reports only to SHA. SHA must then compile, summarize, and analyze the information received into a single report and submit it to the Governor and specified legislative committees by February 1 of each year.

For a further discussion of *Chapter 286*, see the subpart “Transportation” within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Local Government Torts Claim Act

Chapter 131 of 2015 increased the liability limits under the Local Government Tort Claims Act from \$200,000 to \$400,000 per individual claim and from \$500,000 to \$800,000 per total claim that arise from the same occurrence for damages from tortious acts or omissions.

For a further discussion of *Chapter 131*, see the subpart “Civil Actions and Procedures” within Part F – Courts and Civil Proceedings of this *Major Issues Review*.

Clean Energy Loan Program

Chapter 743 of 2009 authorized a county or municipality to enact an ordinance or a resolution establishing a clean energy loan program to provide loans to:

- residential property owners, including low-income residential property owners, to finance energy efficiency and renewable energy projects; and
- commercial property owners, to finance energy efficiency projects and renewable energy projects but only renewable energy projects with an electric generating capacity of not more than 100 kilowatts.

A clean energy loan program must require a property owner to repay a loan through a surcharge on the owner's property tax bill. The surcharge must be limited to an amount that allows the local government to recover the costs associated with issuing bonds to finance the loan and costs associated with administering the program.

Chapters 534 and 535 of 2016 removed the limit on electric generating capacity on renewable energy projects financed by commercial property owners through a clean energy loan program.

Chapters 592 and 593 of 2016 required the Maryland Clean Energy Center (MCEC) to conduct a study to determine strategies for the optimal design and implementation for a residential clean energy loan program in the State. The study was required to include consideration of whether the strategies will work advantageously with loans made by private lenders for residential energy efficiency and renewable energy projects. MCEC was required, by October 1, 2016, to report to the General Assembly the findings of the study and any recommended policy actions to implement a residential clean energy loan program.

Financing of Local Infrastructure Loans

A county or municipality may agree with the Community Development Administration within the Department of Housing and Community Development to pledge any money, including a share of income tax that the jurisdiction is entitled to receive from the State. *Chapter 18 of 2016* added a method of securing financing for a local infrastructure loan through the Local Government Infrastructure Financing Program by authorizing, but not requiring a county to pledge, on behalf of a municipality located in the county, the faith and credit of the county or specific revenue of the county. A pledge by a county must be authorized by an ordinance or a resolution of the county. The pledge cannot exceed existing charter or statutory limits on the power of the county to make the pledge.

Residency Requirements for At-will Supervisory Employees

Chapter 776 of 2017 authorized a county or municipality to require an at-will supervisory employee to reside in the State, county, or municipality or within a specified distance of the State, county, or municipality as a condition of employment if the at-will supervisory employee reports directly to the head of a unit of the county or municipality. *Chapter 776* applies prospectively to any local law, ordinance, or policy enacted or adopted and may not be applied or interpreted to have any effect on or application to the continued employment of any individual employed by a

county or municipality before the effective date of the local law, ordinance, or policy enacted or adopted by the county or municipality.

School Construction Permits

With the approval of the State Superintendent, each county board of education may buy or otherwise acquire land, school sites, or buildings and rent, repair, improve, and build school buildings or approve contracts for doing so, if the plans conform to requirements of the State Board of Education. The construction or remodeling of a school building must conform to all applicable State and county building, electrical, fire, and plumbing regulations and codes. *Chapter 81 of 2018* required each county or municipality, to the extent practicable, to expedite the process for the application and issuance of a permit related to or required for the construction of a public or private school facility.

Registration and Renewal of Alarm Systems

Chapters 477 and 478 of 2018 authorized counties and municipalities to impose a penalty against an alarm system contractor for failure to register an alarm system only if the alarm system contractor requested a dispatch to an alarm user and the alarm system contractor failed to register the alarm system. An alarm system contractor is defined as a person who installs, maintains, monitors, alters, or services an alarm system. The Acts also authorized counties and municipalities to impose a penalty against an alarm system contractor for failure to renew a registration of an alarm system, if the alarm system contractor requested a dispatch and failed to renew the registration, only if the county or municipality provided the alarm system contractor notice that (1) the alarm system’s registration expired; (2) the alarm user or the alarm system contractor did not renew the alarm system’s registration; or (3) the alarm system’s registration has been suspended.

Local Government – Generally

Local Facility Closure Reserve Funds

Local facility closure reserve funds set up by a local government are used to fund the long-term liabilities resulting from the closure of local facilities such as landfills. In addition to the costs of capping and closing these facilities in a manner that protects the environment, a local government will also incur additional postclosure liabilities as a result of fulfilling State and federal laws to monitor, inspect, and maintain the landfill and its protective systems for at least 30 years following the facility closure.

Chapters 568 and 569 of 2016 authorized local governments to contract with external asset managers to manage or invest money designated for local facility closure reserve funds in the same manner that they invest funds for employee pensions, other postemployment benefits, trust funds, and self-insurance purposes. The Acts further authorized local governments to create pooled facility closure reserve investment funds with separate accounts for each local government that participates in the fund.

2020 Census Grant Program

Chapter 18 of 2018 created a 2020 Census Grant Program, funded by a \$5 million general fund appropriation in fiscal 2020, to issue matching grants to local governments and nonprofit organizations to support accurate population counting and the collection of basic demographic and housing information of the population of the State under the 2020 Census.

Chapter 18 also created a 2020 Census Grant Program Panel to award the matching grants. A local government or nonprofit organization may apply to the grant panel for matching funds by March 1, 2019. The grant panel must award matching funds, by April 1, 2019, in an amount determined by the grant panel, to local governments and nonprofit organizations for approved applications. The grant panel must notify local governments of the grant program, and it is the intent of the General Assembly that local governments notify nonprofit organizations within the jurisdiction of the local government.

Animal Control Units

A domestic animal that is impounded by an animal control unit may not be sold, placed, or destroyed until the animal has been carefully inspected for specified types of identification. *Chapter 248 of 2016* added “microchip” to the listed types of identification for which an animal control unit must inspect an impounded animal to ascertain the owner. An animal control unit must make a reasonable effort to notify an impounded animal’s owner of the location of and the procedure for retrieving the animal. A person who violates the Act’s requirements is subject to a civil fine of up to \$500 for a first offense and for a second or subsequent offense is guilty of a misdemeanor and subject to a fine of up to \$500.

Kennel Licenses

Chapter 297 of 2011 established a requirement that a person must obtain a kennel license if the person (1) owns or has custody of 15 or more unspayed female dogs over the age of six months kept for the purposes of breeding the dogs and selling their offspring and (2) sells dogs from six or more litters in a year. However, the law expressly established that local governments are not prohibited from enacting more stringent kennel licensing ordinances.

Chapters 414 and 415 of 2017 altered the circumstances under which a person must obtain a kennel license from a local licensing agency. Specifically, the Acts required a person to obtain a kennel license from the local licensing agency if the person either (1) owns or has custody of six or more unspayed female dogs over the age of six months kept for the purposes of breeding the dogs and selling their offspring or (2) sells dogs from six or more litters in a year.

Special Taxing Districts

State law authorizes various counties to establish special taxing districts; impose *ad valorem* or special taxes; and issue bonds to finance, refinance, or reimburse the cost of infrastructure improvements. *Chapters 353 and 354 of 2016* authorized Anne Arundel County to

establish, modify, or abolish special taxing districts for the purpose of providing or expanding water or wastewater services.

Land Use

Land Use Plans

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan in accordance with State law. Certain elements must be included in a comprehensive plan and additional permissive elements may be included. A comprehensive plan also must include or implement specified visions stated in the law. At least once every 10 years, the planning commission of a local jurisdiction must review the comprehensive plan and, if necessary, revise or amend the plan to include all required elements and the specified visions.

A planning commission may prepare comprehensive plans for one or more geographic sections or divisions of the local jurisdiction if each plan is reviewed and, if necessary, revised or amended at least once every 10 years. The Maryland Department of Planning describes a comprehensive plan as “a document, officially adopted by the local governing body, which spells out the manner in which a municipality, county, or sub-area of a county must develop.” The local jurisdiction’s zoning, provision of water and sewer facilities, and other actions must be consistent with the plan’s recommendations.

A November 2014 Attorney General opinion concluded that, in municipalities and counties that are not charter home rule counties, a legislative body of a local jurisdiction does not have the authority to adopt material changes to a comprehensive plan or plan amendment prepared and approved by the planning commission. The opinion instead indicated that the legislative body’s ability to influence changes to a plan or plan amendment is limited to voting against adoption and sending the plan or plan amendment back to the planning commission with recommendations for revision.

Chapter 288 of 2015, applicable to municipalities and counties that are not charter counties, authorized the legislative body of a local jurisdiction to adopt, modify, or disapprove (1) the whole comprehensive plan recommended by the planning commission or a part of the plan; (2) a comprehensive plan for one or more geographic sections or divisions of the local jurisdiction; or (3) an amendment or extension of or addition to the comprehensive plan. Public hearing requirements were established (1) for the legislative body before adoption or modification of a plan or plan amendment and (2) for the planning commission before submitting a new recommended plan after disapproval by the legislative body. The time for a legislative body to act before the recommendation of a planning commission is considered approved was extended from 60 to 90 days, with the availability of no more than one 60-day extension by resolution of the legislative body.

Certificates of Public Convenience and Necessity – Consistency with Comprehensive Plan

Chapter 392 of 2017 prohibited the Public Service Commission from taking final action on an application for a certificate of public convenience and necessity (CPCN) for a generating station until after taking due consideration of (1) the consistency of the application with the comprehensive plan and zoning of each county or municipality where any portion of the generating station is proposed to be located and (2) the efforts to resolve any issues presented by a county or municipality where any portion of the generating station is proposed to be located.

For a further discussion of *Chapter 392*, see the subpart “Public Service Companies” within Part H – Business and Economic Issues of this *Major Issues Review*.

Zoning Amendments

Chapter 286 of 2018 prohibited a local legislative body from granting an amendment to change a zoning classification on a parcel of land, if the primary reason for the proposed amendment is the existence of an energy generating system on that parcel of land or on a parcel of land that is adjacent to or in close proximity to that parcel of land, based on a finding that there was (1) a substantial change in the character of the neighborhood where the property is located or (2) a mistake in the existing zoning classification. An energy generating system is defined as an energy generating system for which a CPCN is required or an energy generating system (1) for which a CPCN is not required and (2) that is not considered to be an accessory use under the zoning law of the local jurisdiction where the system is located.

Land Bank Authorities

Generally, local land bank authorities are public or community-owned entities that are created for the purpose of acquiring, managing, maintaining, and repurposing vacant, abandoned, and foreclosed properties.

Chapter 739 of 2010 granted municipalities the authority to establish land bank authorities. *Chapters 618 and 619 of 2017* expanded the authority to enact a local law to establish a land bank authority to apply it to one or more local governments, defined under the Acts as a municipality or county. A local government may create a land bank authority or enter into an intergovernmental cooperation agreement with one or more local governments to create a single land bank to act on behalf of the local governments, which may include one or more water and sewer authorities. The Acts provided for the continued operation of an authority that is created by an intergovernmental cooperation agreement if one of the parties decides to withdraw from the agreement.

Chapters 618 and 619 set forth the various powers of a land bank authority, including the borrowing of money, issuing of bonds, investing of money, insuring real property assets against losses, improving real property, and raising revenue. The Acts authorized a land bank authority to quiet title or foreclose on property in which it holds an interest and provide for the collection of specified delinquent water and sewer bills through liens by a land bank authority. The Acts also

set forth the mechanism for the disposition of property acquired by a local land bank authority, and exempts property held by an authority from certain taxes under specified circumstances.

Bi-county Agencies

Washington Suburban Sanitary Commission

The Washington Suburban Sanitary Commission (WSSC) is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George’s counties. It has approximately 475,000 customer accounts, serves an area of around 1,000 square miles, and employs more than 1,500 people. The commission operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle more than 200 million gallons of wastewater per day. The commission maintains more than 5,700 miles of water main lines and over 5,500 miles of sewer main lines.

Financial Programs for Customers

Customer Assistance Program: Beginning in fiscal 2016, WSSC updated its rate structure to collect funds for infrastructure investment through a modified “ready to serve” charge through the existing Account Maintenance Fee (AMF) that is included on customer water and sewer bills. Based on recommendations of the Bi-County Infrastructure Working Group, WSSC shifted how it bills customers for infrastructure improvements. As part of the restructuring, AMF includes two components – a fee for certain operating expenses and an infrastructure fee to specifically pay for infrastructure needs, such as repairing and replacing water mains. In order to mitigate the potential negative effects of these rate changes on lower income customers, *Chapter 474 of 2015* required WSSC to establish a Customer Assistance Program to provide financial assistance with water and sewer bills to eligible ratepayers by July 1, 2015. The commission was required to establish income eligibility standards for ratepayers, and these standards must be applied uniformly throughout the sanitary district. The program must be funded from commission revenues.

Connection Pipe Emergency Replacement Loan Program: *Chapter 539 of 2018* required WSSC to establish a Connection Pipe Emergency Replacement Loan Program to provide loans to residential customers to finance the replacement of malfunctioning pipes. Loans under the program may not exceed \$5,000, and a customer may not receive more than one loan at a time. Customers who are provided loans must repay a loan through a separate charge on the customer’s water and sewer bill or by another method determined by the commission. WSSC may not provide, or at any time have outstanding, more than \$1 million in total loans through the program. WSSC must include \$100,000 annually in the commission’s budget for the program for fiscal 2020 through 2029. The measure terminates June 30, 2029.

Drinking Water Testing

Chapter 127 of 2013 required WSSC to conduct quarterly testing of drinking water for unregulated contaminants included in specified federal regulations. Within 30 days of receiving

results that indicate the presence of a contaminant, WSSC must report the results to the county executives of Montgomery and Prince George's counties and publish the results on the WSSC website. *Chapter 501 of 2016* altered the basis on which WSSC must conduct the testing to be the latest cycle of unregulated contaminant monitoring regulations established by the U.S. Environmental Protection Agency, rather than the third cycle of the regulations.

Prohibited Discrimination

WSSC is prohibited from discriminating against a person on the basis of sex, race, creed, color, age, mental or physical disability, sexual orientation, or national origin. Additionally, WSSC may not award a contract unless the contract prohibits the contractor from discriminating in any manner against an employee or an applicant for employment on the same bases. *Chapter 561 of 2017* prohibited WSSC from discriminating against a person on three additional bases: religion; marital status; or gender identity. In addition, WSSC may not award a contract unless the contract prohibits the contractor from discriminating in any manner against an employee or applicant for employment on the same three additional bases.

Minority Business Enterprise Program

Chapter 621 of 2007 reauthorized WSSC's minority business enterprise utilization program until July 1, 2012, and codified the existence of the Office of Small, Local, and Minority Business Enterprise (OSLMBE). Chapter 404 of 2012 reauthorized WSSC's minority business enterprise utilization program until July 1, 2017. *Chapter 562 of 2017* extended the authorization of the minority business enterprise utilization program another five years until July 1, 2022, and renamed OSMBE to the Office of Supplier Diversity and Inclusion.

System Development Charge Exemptions

WSSC imposes a system development charge for a first-time connection to the WSSC system or a new connection or increased water meter size because of a change in property use or an increase in demand for service. A full or partial exemption must be granted for public sponsored or affordable housing, and a full or partial exemption may be granted for certain other uses. *Chapter 563 of 2017* authorized the granting of an exemption from the system development charge for (1) property owned by a tax-exempt community-based organization with a primary mission and purpose of providing recreational and educational programs and services to youth (to a limit of \$80,000, which is similar to an exemption added by Chapter 124 of 2013 which expired in 2016); (2) property used primarily for child care or after-school care; and (3) property used primarily for programs and services for developmentally disabled individuals.

Office of the Inspector General

Chapter 130 of 2018 established the Office of the Inspector General with authority to investigate mismanagement, misconduct, fraud, waste, and abuse in the commission and conduct of an annual audit. The Act also provided for the appointment of the Inspector General by the Appointment Committee, and transferred all the functions, powers, and duties of the former Office of Internal Audit to the Office of the Inspector General.

Funding Accountability and Transparency Act

WSSC is required by law to publish annually in at least one newspaper in Montgomery County and one newspaper in Prince George’s County a copy of its current financial statement and make available for public inspection during business hours at its principal office the annual audit and current financial statement. Under the commission’s Code of Ethics, WSSC must publish an alphabetized list of nongovernmental entities receiving aggregate payments of \$5,000 or greater during each preceding calendar year. *Chapter 770 of 2018* required WSSC to develop and operate by July 1, 2020, a single searchable website that is accessible to the public at no cost that contains WSSC payment data, including the name and location of each payee that receives an aggregate payment of \$25,000 in a single fiscal year and the amount of the payment.

Single Jurisdictions

Montgomery County – Qualifications of Commissioners: WSSC has six commissioners: three from Montgomery County and three from Prince George’s County. Each commissioner must be a registered voter in the county the commissioner represents. In Montgomery County, no more than two commissioners may be from the same political party. *Chapter 502 of 2016* repealed a requirement that the commissioners from Montgomery County reside in the Washington Suburban Sanitary District.

Prince George’s County – Master Meters for Utility Services: Chapter 128 of 2018 prohibited, in Prince George’s County only, the Public Service Commission or WSSC from authorizing the use of a master meter in certain residential multiple occupancy buildings that are constructed for or converted to condominium or cooperative ownership. The measure also created the Task Force on the Use of Master Meters for Utility Services in Prince George’s County.

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.

Smoking Regulations

Chapter 438 of 2015 required M-NCPPC to adopt regulations on or before June 30, 2016, to prohibit the smoking of a cigarette, cigar, or any other tobacco product on property under its jurisdiction. The regulations may exclude from the prohibition any designated venue or facility reasonably determined by the commission to be appropriate for the purpose of generating admission fees, rental fees, or similar charges for use of commission property, and must provide for specified penalties for violations.

Boundaries of the Metropolitan District – City of Greenbelt

State law formerly stated that the boundaries of the Maryland-Washington Metropolitan District are the same as existed on October 1, 2012, which at the time mostly excluded the municipalities of District Heights, Greenbelt, and Laurel in Prince George’s County; property annexed into certain excluded municipalities in Montgomery County under Chapter 429 of 2007 was also excluded. *Chapter 500 of 2016* further modified the boundaries of the metropolitan district to exclude the City of Greenbelt as it existed on July 1, 2016, in order to capture land that had been annexed by the city after October 1, 2012. As a result, the entire City of Greenbelt became excluded from the area that is subject to the M-NCPPC park tax.

Municipal Authority

Chapter 426 of 2012 revised, restated, and recodified the laws of the State that relate to land use under a newly established Land Use Article of the Annotated Code of Maryland. *Chapter 731 of 2016* corrected an inadvertent change made by the code revision process and clarified that a municipality or governed special taxing district in Montgomery County may adopt specified building requirements that regulate the construction, repair, or remodeling of “other structures,” in addition to single-family residential houses or buildings, on land zoned for single-family residential use.

Prince George’s County enacted a local law in 2008 that prohibits any new fencing taller than four feet between a residential dwelling and an adjacent street. The City of Bowie reported that this law had significantly increased the number of variance applications to the city for side lots and rear lots as the city code already prohibits fencing between the front of a dwelling and the street. In response, *Chapter 129 of 2018* enabled a municipality in Prince George’s County that is located in the regional district, notwithstanding any other law, to authorize by local law the erection of a fence that exceeds the height restrictions or limitations otherwise required by State, regional, or county zoning laws or agencies exercising zoning and planning jurisdiction over the municipality. A municipality may not enact such a local law without holding a public hearing, and the local law may not take effect unless approved by the district council.

Audit Committee and the Office of the Inspector General

Chapter 361 of 2017 established an Audit Committee and an Office of the Inspector General within M-NCPPC. The Audit Committee is required to select and appoint an independent certified public accountant to audit M-NCPPC and the Inspector General. M-NCPPC is required to adopt regulations to ensure the independence of the Audit Committee from the management of M-NCPPC. The Office of the Inspector General is run by an Inspector General who is appointed by the Audit Committee to a four-year term. The functions, powers, and duties of M-NCPPC’s former Office of Internal Audit were transferred to the Office of the Inspector General as well.

Special Exception Hearings

In Montgomery and Prince George’s counties, a district council may adopt zoning laws that authorize the board of appeals, the district council, or an administrative office or agency

designated by the district council to grant special exceptions and variances to the zoning laws on conditions that are necessary to carry out State land use law applicable in the counties. **Chapter 538 of 2018** required the board of appeals, the district council, or an administrative office or agency, in addition to any other notice requirement, to provide notice of a hearing for a special exception to all parties of record, as defined in local law.

Single Jurisdictions

Montgomery County – Commissioner Terms: M-NCPPC has 10 members with 5 members each from Montgomery and Prince George’s counties, each with four-year, staggered terms. Terms of office for members begin on June 15 of the year in which the appointment was made. Commissioners from Montgomery County may not be appointed for three consecutive full four-year terms.

Chapter 446 of 2015 authorized a commissioner of M-NCPPC, who is appointed from Montgomery County, to be appointed for a maximum of three consecutive full terms as a member of the commission if the commissioner is designated as chair of the Montgomery County Planning Board during the commissioner’s second term in office. **Chapter 446** must be construed to apply retroactively to and interpreted to affect any commissioner appointed to M-NCPPC from Montgomery County on or after June 15, 2014.

Prince George’s County – Capital Program Performance Audit: Chapter 448 of 2015 required the Office of Legislative Audits (OLA) to conduct a performance audit evaluating M-NCPPC project management practices relating to its capital program in Prince George’s County. Before initiating the audit, OLA was required to coordinate with M-NCPPC to develop the scope of the audit and submit the scope of the audit to the Joint Audit Committee for approval. The scope of the audit was authorized to include planning, executing, and monitoring of individual capital projects.

Prince George’s County – Extraordinary Development District: Tax increment financing is a public financing method that uses future gains in tax revenues to finance current improvements. The increase in the property tax revenue generated by new commercial development in a specific area pays for bonds issued to finance site improvements, infrastructure, and other project costs located on public property. **Chapter 304 of 2016** authorized M-NCPPC to enter into an agreement with Prince George’s County to deposit into a special fund all or a portion of M-NCPPC property taxes levied by the county on the tax increment in an extraordinary development district. An “extraordinary development district” is defined as a development district that is designated as such by resolution and contains at least 50 acres, on all or part of which a federal law enforcement agency will be located. M-NCPPC may not enter into an agreement until Prince George’s County has adopted a resolution designating the extraordinary development district and M-NCPPC has adopted a resolution approving the agreement.

Part E

Crimes, Corrections, and Public Safety

Criminal Law

Comprehensive Measures

Justice Reinvestment Act

Chapter 42 of 2015 created the Justice Reinvestment Coordinating Council, charged with developing a statewide framework of sentencing and corrections policies to reduce the State's incarcerated population, reduce spending on corrections, and reinvest in programs to improve public safety outcomes.

Chapter 515 of 2016 implemented many of the recommendations of the Justice Reinvestment Coordinating Council including the modification of a number of criminal penalties.

Drug Possession: *Chapter 515* reduced the maximum criminal penalties for the possession or administration of a controlled dangerous substance (CDS). The Act provided that a violation is a misdemeanor subject to (1) for a first conviction, imprisonment for up to one year and/or a fine of up to \$5,000; (2) for a second or third conviction, imprisonment for up to 18 months and/or a fine of up to \$5,000; and (3) for a fourth or subsequent conviction, imprisonment for up to two years and/or a fine of up to \$5,000. In addition, except when in possession of less than 10 grams of marijuana, the Act altered penalties to establish that a defendant in possession of marijuana is guilty of a misdemeanor and subject to imprisonment for up to 6 months and/or a fine of up to \$1,000.

Drug Distribution: *Chapter 515* also repealed mandatory minimum penalties applicable to a repeat drug offender (or conspirator) convicted of specified felony crimes involving CDS and established new maximum penalties. Moreover, the authorization to double penalties for specified subsequent drug offenders was made applicable only when the person had also been previously convicted of a crime of violence. **Exhibit E-1** shows the altered penalties.

Exhibit E-1
**Penalties for Distribution of Controlled Dangerous Substances and
 Related Offenses**

<u>Offense</u>	<u>Original Penalty</u>	<u>Penalty under Chapter 515</u>
CDS (Other than Schedule I or II Narcotic Drugs and Other Specified CDS)		
First-time Offender	Maximum penalty of 5 years imprisonment and/or \$15,000 fine	Maximum penalty of 5 years imprisonment and/or \$15,000 fine
Repeat Offender	2-year mandatory minimum sentence. Maximum penalty of 5 years imprisonment and/or \$15,000 fine	Maximum penalty of 5 years imprisonment and/or \$15,000 fine
CDS (Schedule I or II Narcotic Drug & Specified Drugs)		
First-time Offender	Maximum penalty of 20 years imprisonment and/or \$25,000 fine	Maximum penalty of 20 years imprisonment and/or \$15,000 fine
Second-time Offender	10-year mandatory minimum sentence (20 years maximum imprisonment) and a fine of up to \$100,000	Maximum penalty of 20 years imprisonment and/or \$15,000 fine
Third-time Offender	25-year mandatory minimum sentence and a fine of up to \$100,000	Maximum penalty of 25 years imprisonment and/or a \$25,000 fine (parole eligibility at 50% of sentence)
Fourth-time Offender	40-year mandatory minimum sentence and a fine of up to \$100,000	Maximum penalty of 40 years imprisonment and/or a \$25,000 fine (parole eligibility at 50% of sentence)

Source: Department of Legislative Services

Chapter 515 authorized a person serving a term of confinement that includes a mandatory minimum sentence, imposed on or before September 30, 2017, for repeat offenses of specified crimes involving the manufacture, sale, and distribution of CDS to apply to the court for a modification or reduction of the mandatory minimum sentence, regardless of whether the

defendant filed a timely motion for reconsideration or a motion for reconsideration was denied by the court. The Act authorized the court to depart from the specified mandatory minimum sentence in response to the application.

The Act increased, from 50 to 448 grams, the amount of cocaine base, commonly known as “crack,” required for prosecution as a volume dealer under the prohibitions relating to manufacturing, distributing, dispensing, or possessing CDS.

Theft Offenses: *Chapter 515* increased the maximum property value for misdemeanor theft from \$1,000 to \$1,500, and subjected a person to increased penalties after one prior conviction and again after four or more prior convictions. *Chapter 515* expanded and altered the property value and penalties for theft crimes as follows:

<u>Value of Property and/or Services</u>	<u>Maximum Penalty</u>
At least \$100 and less than \$1,500	First offense: 6 months imprisonment and/or a \$500 fine Second, third, or fourth offense: 1 year imprisonment and/or a \$500 fine Fifth and subsequent offense: 5 years imprisonment and/or a \$5,000 fine
At least \$1,500 and less than \$25,000	5 years imprisonment and/or a \$10,000 fine
At least \$25,000 and less than \$100,000	10 years imprisonment and/or \$15,000 fine
\$100,000 or more	20 years imprisonment and/or a \$25,000 fine

With the exception of subsequent offender penalties for misdemeanor theft offenses, the Act applied similar changes to property value and penalties relating to obtaining property or services by bad checks or credit cards, identity fraud, Medicaid fraud, counterfeiting, and exploitation of vulnerable adults.

Criminal Gangs: *Chapter 515* made several changes to the State’s criminal gang statutes, including (1) increasing penalties for gang offenses; (2) expanding the prohibitions on gang activities; and (3) authorizing a court, following a conviction for a specified gang offense, to order a divestiture of property under specified circumstances.

The Act increased the general penalty for participation in a criminal gang under § 9-804 of the Criminal Law Article from imprisonment for up to 10 years and/or a \$100,000 maximum fine to imprisonment for up to 15 years and/or a \$1 million maximum fine. The Act also increased the

penalty when a gang offense results in the death of a victim from imprisonment for up to 20 years and/or a \$100,000 maximum fine to imprisonment for up to 25 years and/or a \$5 million maximum fine.

Chapter 515 also established an Addiction Treatment Divestiture Fund within the Maryland Department of Health to support addiction treatment services to persons with substance-related disorders. Revenues from the divested assets connected to specified gang offenses provide one source of money for the fund.

Second-degree Murder: The Act increased the maximum penalty for second-degree murder from imprisonment for up to 30 years to imprisonment for up to 40 years.

Child Abuse Resulting in Death: **Chapter 515** also increased the maximum penalty for first-degree child abuse resulting in the death of a victim younger than age 13 from imprisonment for up to 40 years to imprisonment for up to life. The Act also increased the maximum penalty for a subsequent conviction for child abuse resulting in the death of a victim from imprisonment for up to 40 years to imprisonment for up to life.

For further discussion of **Chapter 515** see the subparts “Criminal Procedure” and “Public Safety” within this part of this *Major Issues Review*.

2018 Comprehensive Measures

Chapter 143 of 2018 established and altered several provisions of law relating to crimes of violence and firearm possession.

Crimes of Violence: **Chapter 143** altered the definition of “crime of violence” under § 14-101 of the Criminal Law Article by (1) changing “use of a handgun in the commission of a felony or other crime of violence” to “use of a *firearm* in the commission of a felony *except possession with intent to distribute a CDS* or other crime of violence” and (2) striking the requirement regarding sexual abuse of a minor that a touching not be through the clothing. The Act also made the mandatory minimum 10-year sentence for a second or subsequent conviction of a crime of violence nonparolable.

Firearm Possession: A person who has previously been convicted of a crime of violence or specific felony drug offenses is prohibited from possessing a regulated firearm. A person who violates this prohibition is subject to a mandatory minimum penalty of five years imprisonment. **Chapter 143** expanded the predicate crimes for which a person is eligible for the mandatory minimum penalty to also include crimes involving possession or use of firearms related to drug offenses.

Chapter 143 also authorized a person to petition for the expungement of certain felony offenses and affected eligibility of a person serving a sentence for a crime of violence to be evaluated or committed for substance abuse treatment. For additional discussion of **Chapter 143** see the subparts “Criminal Procedure” and “Public Safety” within this part of this *Major Issues Review*.

Chapter 145 of 2018 established and altered several provisions of law relating to drug offenses, witness intimidation and obstruction offenses, and criminal gangs.

Volume Dealing in Drugs: Chapter 145 added 5 grams or more of fentanyl and 28 grams or more of a mixture containing fentanyl to the prohibition against volume drug dealing. The Act also clarified existing law by adding language to specify that a mixture containing a detectable amount of a prohibited substance be scientifically measured using representative sampling methodology.

Drug Paraphernalia: Chapter 145 also modified prohibitions against use or possession of drug paraphernalia to exclude equipment used to test or analyze drugs.

Witness Intimidation and Obstruction Offenses: Chapter 145 increased the maximum incarceration penalty from 5 years to 10 years for witness intimidation offenses not involving a drug felony or crime of violence, including inducing false testimony or avoidance of a subpoena, retaliation for testimony, and intimidating or corrupting a juror, witness, or officer of the court.

Criminal Gangs: Chapter 145 established the Task Force to Study Maryland’s Criminal Gang Statutes to study existing State prohibitions on criminal gang-related activity and the efficacy of existing law in obtaining criminal convictions against individuals who engage in criminal gang-related activity. The Act required the task force to make recommendations regarding changes to State law to better deter, prosecute, and punish criminal gang-related activity and report its findings and recommendations to the Governor and the General Assembly by June 30, 2020.

Chapter 145 also required the Division of Correction to conduct an educational, vocational, and job history interview for each inmate sentenced to its jurisdiction; authorized additional opportunities for an inmate to receive diminution credits; and allowed for the interception of wire, oral, or electronic communications during investigations related to specific firearms offenses. For additional discussion of **Chapter 145**, see the subpart “Public Safety” within this part of this *Major Issues Review*.

Drug and Alcohol Offenses

Marijuana and Marijuana Paraphernalia

Paraphernalia and Smoking Marijuana in Public: Senate Bill 517 of 2015 (passed) repealed the criminal prohibition on possession of marijuana-related paraphernalia and eliminated any penalty. **Senate Bill 517** also established that a violation of the prohibition on the use or possession of marijuana by smoking marijuana in a public place is a civil offense punishable by a fine of up to \$500. The Governor vetoed **Senate Bill 517** for policy reasons and the General Assembly voted during the 2016 legislative session to override the veto. The bill became **Chapter 4 of 2016** and took effect February 20, 2016.

Medical Necessity: Chapter 351 of 2015 required a court to dismiss a criminal charge, in a prosecution for possession of marijuana or for possession of paraphernalia related to marijuana,

if the court finds that a person used or possessed marijuana or marijuana paraphernalia because of medical necessity.

Hemp: *Chapter 456 of 2015* authorized a person to plant, grow, harvest, possess, process, sell, or buy industrial hemp in the State, provided a person registers with the Maryland Department of Agriculture before planting or growing industrial hemp. The Act also excluded industrial hemp from the definition of marijuana under criminal law provisions addressing CDS. *Chapter 456* is contingent on the taking effect of federal law that delegates authority over industrial hemp to the states or authorizes a person to plant, grow, harvest, possess, process, sell, and buy industrial hemp.

Possession: *Chapter 514 of 2016* clarified that a person who violates the prohibition against possessing CDS involving marijuana in the amount of 10 grams or more is guilty of the misdemeanor of possession of marijuana and established additional procedures for prosecution of civil cases for possession of less than 10 grams of marijuana. For a more detailed discussion of *Chapter 514*, see the subpart “Criminal Procedure” within this part of this *Major Issues Review*.

Immunity for Third-party Vendors of Medical Cannabis: Chapter 403 of 2013 established the Natalie M. LaPrade Medical Marijuana Commission (later renamed the “Natalie M. LaPrade Medical Cannabis Commission”). Since the establishment of the commission, certain persons acting in accordance with the statutory provisions of Maryland’s medical cannabis program are not subject to arrest, prosecution, or any civil or administrative penalty, including a civil penalty or disciplinary action by a professional licensing board, and may not be denied any right or privilege, for the use of medical cannabis. However, the statute was silent with regard to third-party vendors otherwise authorized to test or transport medical cannabis products. *Chapter 601 of 2018* extended legal protections to third-party vendors authorized by the commission to test, transport, or dispose of medical cannabis, medical cannabis products, or medical cannabis waste. The Act also extended the immunity applicable to all protected parties listed in the statute to the possession of medical cannabis.

Heroin, Opioids, and Other Controlled Dangerous Substances

Opioid Crisis: In March 2017, Governor Lawrence J. Hogan, Jr. declared a state of emergency in response to the heroin and opioid addiction crisis. *Chapter 569 of 2017* was an emergency measure that created an enhanced penalty for a person who knowingly distributes fentanyl (or an analogue of fentanyl) or a mixture that contains heroin and fentanyl (or an analogue of fentanyl). A violation is a felony offense with a maximum penalty of imprisonment of up to 10 years, which must be served consecutively to any other sentence.

For a more detailed discussion on bills introduced to address heroin and opioid addiction issues, see the subpart “Public Health – Generally” within Part J – Health and Human Services of this *Major Issues Review*.

Controlled Dangerous Substance Distributors – Reporting Suspicious Orders: Federal regulations require registered CDS manufacturers, distributors, and dispensers to design and operate a system to identify suspicious orders of CDS. Registrants must inform the appropriate Field Division Office of the federal Drug Enforcement Administration of suspicious orders, which

include orders (1) of unusual size; (2) deviating substantially from a normal pattern; and (3) of unusual frequency. **Chapters 592 and 593 of 2018** required registrant CDS distributors to also report any suspicious order of CDS to the Maryland Department of Health and the Office of the Attorney General.

Alcohol Offenses

Furnishing and Underage Possession and Consumption: Chapter 513 of 2016 prohibited an adult from (1) knowingly and willfully allowing an individual under 21 years old to possess or consume an alcoholic beverage at a residence that the adult owns or leases and in which the adult resides or (2) furnishing an alcoholic beverage to an individual under 21 years old for the purpose of consumption by that individual, if in either instance the adult knew or reasonably should have known that the individual would operate a motor vehicle and the individual did operate a motor vehicle under the influence of alcohol or while impaired by alcohol and caused serious physical injury or death to the individual or another. A violation is a misdemeanor with a penalty of imprisonment for up to one year and/or a fine of up to \$5,000.

Drunk and Drugged Driving – Refusal of Chemical Testing: Chapter 512 of 2016 addressed various administrative sanctions for persons arrested for and convicted of specified provisions regarding driving under the influence and driving while impaired. Among other things, **Chapter 512** required that a person convicted under § 21-902(b) (“driving while impaired by alcohol”) or § 21-902(c) (“driving while impaired by drugs or drugs and alcohol”) of the Transportation Article, and who is found to have refused to take a breath or blood test, must participate in the Ignition Interlock System Program. For a more detailed discussion of **Chapter 512**, see the subpart “Motor Vehicles” within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Drunk and Drugged Driving – Death or Life-threatening Injury: Chapters 517 and 518 of 2016 established subsequent offender offenses and more stringent penalties for those who commit specified motor vehicle offenses that cause death or life-threatening injury. **Exhibit E-2** shows the offenses and penalties.

Exhibit E-2

Comparison of Maximum Penalties Before and After Chapters 517 and 518 of 2016

<u>Offense</u>	<u>Previous Maximum Penalties</u>		<u>Maximum Penalties under Chapters 517 and 518 if Previously Convicted of Any Specified Offense</u>		
		<u>Imprisonment</u>	<u>Fine</u>	<u>Imprisonment</u>	<u>Fine</u>
Manslaughter by vehicle or vessel – gross negligence	felony	10 years	\$5,000	felony	15 years \$10,000
Manslaughter by vehicle or vessel – criminal negligence	misdemeanor	3 years	5,000	misdemeanor	5 years 10,000
Homicide by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol <i>per se</i>	felony	5 years	5,000	felony	10 years 10,000
Homicide by motor vehicle or vessel while impaired by alcohol	felony	3 years	5,000	felony	5 years 10,000
Homicide by motor vehicle or vessel while impaired by drugs	felony	3 years	5,000	felony	5 years 10,000
Homicide by motor vehicle or vessel while impaired by a CDS	felony	3 years	5,000	felony	5 years 10,000
Causing life-threatening injury by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol <i>per se</i> or while impaired by a CDS	misdemeanor	3 years	5,000	misdemeanor	5 years 10,000
Causing life-threatening injury by motor vehicle or vessel while impaired by alcohol or drugs	misdemeanor	2 years	3,000	misdemeanor	5 years 10,000

Notes: Maximum penalties for these offenses may be the imprisonment term noted, the fine noted, or both. Maximum penalties under **Chapters 517 and 518** apply if previously convicted of the same offense, any other offense listed in this exhibit, or driving while under the influence of alcohol, while under the influence of alcohol *per se*, while impaired by alcohol, while impaired by drugs or drugs and alcohol, or while impaired by a CDS.

Source: Department of Legislative Services

Drunk and Drugged Driving – Controlled Dangerous Substances – Homicide by Motor Vehicle or Vessel: Chapters 167 and 168 of 2017 addressed driving while impaired by a CDS by increasing the maximum incarceration penalty for homicide by motor vehicle or vessel while

impaired by a CDS from 3 years to 5 years. Additionally, the Acts increased the maximum incarceration penalty from 5 years to 10 years for subsequent offenders.

Weapons Offenses

Rapid Fire Trigger Activators

Bump stocks made national news in October 2017 when a gunman fired into a Las Vegas concert crowd killing almost 60 people and injuring more than 600 in less than 10 minutes with the use of such a device. Shortly after the incident, the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) advised that while simulating automatic fire, bump stocks do not actually alter a firearm to fire automatically; therefore, they are legal under federal law. Bump fire stocks allow semi-automatic firearms to mimic the firing speed of fully automatic firearms and can achieve rates of fire between 400 to 800 rounds per minute. **Chapter 252 of 2018** prohibited a person from (1) transporting a device defined as a “rapid fire trigger activator” into the State or (2) manufacturing, possessing, selling, offering to sell, transferring, purchasing, or receiving a rapid fire trigger activator. In addition, the Act prohibited a person from using a rapid fire trigger activator in the commission of a felony or a crime of violence. **Chapter 252** allowed a person to continue to possess a rapid fire trigger activator until October 1, 2019, if, among other things, the person applies for authorization from ATF. Among other devices that enable a semi-automatic firearm to mimic the firing speed of a fully automatic firearm, bump stocks are included in the definition of a “rapid fire trigger activator.”

Wearing, Carrying, or Transporting a Handgun

Chapter 146 of 2018 prohibited a person from violating the State’s prohibition on wearing, carrying, or transporting a handgun if the handgun is loaded with ammunition. A person who violates this prohibition having previously been convicted of specified weapons offenses is subject to a nonsuspendible, nonparolable mandatory minimum sentence. A mandatory minimum sentence may not be imposed unless the State’s Attorney complies with specified notice requirements.

Crimes Against Individuals

Assault on a First Responder

A person commits a felony second-degree assault by intentionally causing physical injury to another if the person knows or has reason to know that the other person is a law enforcement officer or parole or probation agent engaged in the performance of the officer/agent’s official duties. “Physical injury” means any impairment of physical condition, excluding minor injuries. Violators are subject to imprisonment for up to 10 years and/or a maximum fine of \$5,000. **Chapter 410 of 2015** expanded this provision to include firefighters, emergency medical technicians, rescue squad members, or any other first responder engaged in providing emergency medical care or rescue services.

School Bus Driver and Public Transportation Worker – Obstructing, Hindering, or Interfering With

Chapter 619 of 2018 increased the maximum incarceration penalty for obstructing, hindering, or interfering with a school bus driver or public transportation worker who is engaged in the performance of his or her official duties from 90 days to one year.

Identity Fraud

Chapter 361 of 2015 expanded the identity fraud statute by repealing the requirement that a person act in the name of a victim to unlawfully get a benefit, credit, good, service, or other thing of value in order to be guilty of the offense. Accordingly, the Act provided that a person is guilty of identity fraud if the person knowingly, willfully, and with fraudulent intent, possesses, obtains or helps another to possess or obtain personal identifying information of an individual without that individual's consent for the purpose of getting a benefit, good, service, other thing of value, or access to health care or information, even if the person does not specifically act in the name of that individual.

Witness Intimidation and Obstruction

A person may not intentionally harm another, threaten to harm another, or damage or destroy property of another with the intent of retaliating against a victim or witness for (1) giving testimony in an official proceeding or (2) reporting a crime or delinquent act. A person is also prohibited from soliciting another person to engage in these activities. *Chapters 532 and 533 of 2016* expanded the prohibition to include retaliation against a juror or an officer of the court of the State or the United States for any reason relating to the performance of the juror's or officer's official duties in a pending or completed case.

Stalking

Chapters 544 and 545 of 2016 expanded the definition of "stalking" under the State's stalking statute to include a malicious course of conduct that includes approaching or pursuing another person where the person intends to cause or knows or reasonably should have known that the conduct would cause serious emotional distress to another person.

Extortion

Chapters 536 and 537 of 2016 expanded the State's general extortion statute by prohibiting a person from committing acts prohibited under the extortion statute by wrongful use or actual or threatened notification of law enforcement officials about another person's undocumented or illegal immigration status.

Sexual Crimes

Correctional Employees: A correctional employee, whether on a paid or volunteer basis, including an employee of the Department of Public Safety and Correctional Services (DPSCS) or

a correctional facility and any employee of a contractor providing goods or services to DPSCS or a correctional facility, is prohibited from engaging in sexual contact, vaginal intercourse, or a sexual act with an inmate. **Chapter 629 of 2016** prohibited a court-ordered services provider from engaging in sexual contact, vaginal intercourse, or a sexual act with an individual ordered to obtain services while the order is in effect. A violator is guilty of a misdemeanor and on conviction is subject to up to three years imprisonment and/or a \$3,000 fine.

Law Enforcement Officers: Chapter 500 of 2018 prohibited a law enforcement officer from engaging in sexual contact, vaginal intercourse, or a sexual act with a person in the custody of the law enforcement officer. A violation is a misdemeanor punishable by imprisonment for up to three years and/or a fine of up to \$3,000.

Substantially or Cognitively Impaired Victim: Chapter 633 of 2016 altered references to the term “mentally defective” individual to “substantially cognitively impaired” individual in provisions of law concerning specified sexual offenses and in provisions of law concerning the licensing of specified individuals to engage in business as an explosives manufacturer or dealer or to possess explosives for specified purposes.

Proof of Sexual Crime – Evidence of Physical Resistance: Chapters 160 and 163 of 2017 established that evidence of physical resistance by a victim is not required to prove that a sexual crime was committed. However, the Acts provide that the fact that such evidence is not required may not be construed to affect the admissibility of evidence of actual physical resistance by the victim.

Prior Convictions: A person convicted of certain sexual crimes is subject to additional penalties if the person has been previously convicted of first-degree rape, second-degree rape, first-degree sexual offense, or second-degree sexual offense. **Chapter 650 of 2017** established that a prior conviction from another state or in a federal military or Native American tribal court may serve as a predicate crime for the additional penalty for repeat sexual offenders.

Reclassification of First- and Second-degree Sexual Offenses: Chapters 161 and 162 of 2017 reclassified criminal conduct previously classified as first-degree sexual offense and second-degree sexual offense as first-degree rape and second-degree rape, respectively. The Acts made no substantive changes to the offenses.

Sextortion and Revenge Porn: Chapter 365 of 2018 prohibited a person from causing another person to engage in sexual activity or causing another to engage as a subject in a visual representation or performance with the other person’s intimate parts exposed or engaging in or simulating an act of sexual activity by making certain threats. The Act provided that a violation is a misdemeanor punishable by imprisonment for up to 10 years and/or a fine of up to \$10,000. **Chapter 365** also repealed preexisting statutory provisions relating to revenge porn and instead prohibited a person from knowingly distributing a visual representation of another identifiable person that displays the other person with his or her intimate parts exposed or engaging in an act of sexual activity (1) with the intent to harm, harass, intimidate, threaten, or coerce the other person; (2) under circumstances in which the person knew that the other person did not consent to the distribution or with reckless disregard as to whether the person consented to the distribution;

and (3) under circumstances in which the other person had a reasonable expectation that the image would remain private. A violation is a misdemeanor punishable by imprisonment for up to 2 years and/or a fine of up to \$5,000.

Crimes of Violence

Felony Home Invasion: Chapter 628 of 2017 added felony home invasion to the definition of “crime of violence” under the Criminal Law Article. This classification may subject an offender to enhanced penalties and affect potential collateral consequences for a conviction.

Human Trafficking

In general, a person who commits human trafficking involving an adult victim is guilty of a misdemeanor and subject to maximum penalties of 10 years imprisonment and/or a fine of \$5,000. A person who commits human trafficking involving a victim who is a minor is guilty of a felony and subject to maximum penalties of 25 years imprisonment and/or a fine of \$15,000. *Chapter 357 of 2015* established that in a prosecution for a charge relating to prostitution under Criminal Law Article § 11-306, it is an affirmative defense of duress if the defendant committed the act as a result of being a victim of an act of another who was charged with violating the prohibition against human trafficking under federal law or Criminal Law Article, § 11-303. The Act provided that a defendant is prohibited from asserting the affirmative defense unless the defendant notifies the State’s Attorney of the defendant’s intention to assert the defense at least 10 days prior to trial.

Hate Crimes

Chapters 498 and 499 of 2018 clarified that a person may not commit specific criminal acts because of another person’s or group’s race, color, religious beliefs, sexual orientation, gender, disability, or national origin, or because the person or group is homeless.

Crimes Involving Animals

Animal Control Units

Chapter 248 of 2016 added “microchip” to the listed types of identification that an impounded domestic animal must be inspected for to ascertain the owner before being sold, placed, or destroyed. A person who violates provisions of the Act is subject to a civil fine of up to \$500 for a first offense and for a second or subsequent offense is guilty of a misdemeanor and subject to a fine of up to \$500.

Dogfighting

Chapter 546 of 2016 prohibited a person from possessing, with the intent to unlawfully use, an “implement of dogfighting.” Under the Act, a dogfighting implement includes (1) a breaking stick; (2) a cat mill; (3) a springpole; (4) a fighting pit or other confined area designed to contain a dogfight; (5) a breeding stand; or (6) any other instrument or device commonly used for

training, preparation, breeding, and conditions for dogfights. The Act provided that violators are guilty of a misdemeanor and on conviction are subject to 90 days imprisonment and/or a \$5,000 fine.

Animal Cruelty

Chapters 187 and 188 of 2017 clarified conduct for which a person may be found guilty of animal abuse or neglect or aggravated cruelty to animals. Specifically, the Acts provided that a person is guilty of animal abuse or neglect if the person has charge or custody of an animal and unnecessarily fails to provide the animal with *any* one of the following: proper air; proper space; proper shelter; or proper protection from the weather. Similarly, a person is guilty of aggravated cruelty to animals if the person does *any* one of the following intentional acts: mutilates; tortures; cruelly beats; or cruelly kills an animal.

Chapter 238 of 2018 authorized a court, as a condition of sentencing, to prohibit a person from owning, possessing, or residing with an animal for a specified period of time if the person is convicted of felony dogfighting, felony cockfighting, or possession of an implement of dogfighting. The Act also clarified that a court must specify a period of time when it uses its authority to prohibit a person convicted of felony aggravated animal cruelty from owning, possessing, or residing with an animal.

Prohibition on Marking Flags

There is a State prohibition on mutilating or desecrating a flag by intentionally engaging in specified activities, including defacing a flag, in a manner intended to or under circumstances likely to incite or produce an imminent breach of the peace. *Chapter 617 of 2016* repealed a separate criminal prohibition on making certain markings on a flag of the State or the United States for exhibition or display, publicly exhibiting such a flag with certain marks, or displaying merchandise with such a flag to advertise or mark the merchandise.

Criminal Procedure

Pretrial Release

Bail

In recent years, bail systems have come under increased scrutiny nationwide due to the disproportionate financial burden placed on lower income individuals and the risk that they will be held before trial solely because of their financial status. Advocates for bail reform contend that alternative pretrial release strategies perform as well as or better than bail for court appearance rates and public safety without imposing a disparate impact on low-income defendants.

In an advisory letter dated October 11, 2016, the Office of the Attorney General stated its belief that, if presented with an appropriate case, the Court of Appeals would determine that the State's laws and rules require judicial officers to inquire into an arrestee's ability to meet a

financial condition of release. The office also determined that if bail is set at a financially unreachable level for a defendant for whom pretrial detention is not justified, the Court of Appeals would likely determine that the bail is excessive under the Eighth Amendment of the U.S. Constitution and Article 25 of the Maryland Declaration of Rights.

Subsequently, the Maryland Court of Appeals approved changes to the Maryland Rules regarding pretrial release of criminal defendants. The new rules, which took effect July 1, 2017, were designed to promote the release of defendants on their own recognizance or unsecured bond. While the amended rules still authorize the imposition of financial conditions of release, the rules (1) establish that unless a judicial officer finds that no permissible nonfinancial condition of release will reasonably ensure the defendant's appearance in court or public safety, the judicial officer must release the defendant on personal recognizance or unsecured bond, with or without conditions; (2) require a judicial officer to impose the least onerous conditions of release to ensure the defendant's appearance as required and ensure public safety; and (3) require a judicial officer to consider the specific facts and circumstances applicable to the defendant, including the defendant's ability to meet financial conditions of release.

In response to this development, several bills to alter pretrial release procedures in the State were introduced during the 2017 legislative session. However, none of these bills passed.

Pretrial Services Programs – Funding

Under the Maryland Rules, in determining whether a defendant should be released before trial and the conditions of pretrial release, a judicial officer must give consideration to the recommendation of any pretrial release services program that has made a risk assessment of the defendant in accordance with a validated risk assessment tool and is willing to provide an acceptable level of supervision over the defendant during the period of release if so directed by the judicial officer.

As of October 2017, 13 jurisdictions in the State offered a pretrial services program. The programs vary in scope and services. Not all of the programs utilize validated risk assessment tools. *Chapter 771 of 2018* established the Pretrial Services Program Grant Fund to provide grants to eligible counties to establish pretrial services programs or to improve existing pretrial services programs to comply with specified requirements. The Governor's Office of Crime Control and Prevention (GOCCP) must administer the fund. The fiscal 2019 budget includes \$1.0 million in general funds for GOCCP to provide grants, technical assistance, and other support to local governments for the establishment, expansion, and improvement of pretrial services agencies.

An eligible county is (1) a county that does not provide defendants with pretrial services or (2) a county that provides defendants with pretrial services but seeks to improve the services to comply with specified requirements for grant recipients.

A pretrial services program established or improved using a grant from the fund must (1) use a validated, evidence-based, race-neutral risk scoring instrument that is consistent with the Maryland Rules to make pretrial release-related recommendations to a judicial officer; (2) apply best practices shown to be effective in other jurisdictions; and (3) incorporate multiple levels of

supervision based on defendant risk scores with features that include cellular telephone reminders of a defendant’s hearing date; drug and alcohol testing; global positioning satellite monitoring, if applicable; and substance abuse, mental health, or mediation referrals, if approved by the judicial officer and available in the eligible county.

Authority of District Court Commissioners

In most cases, pretrial release determinations are made at the defendant’s initial appearance before a District Court commissioner. However, a District Court commissioner is statutorily prohibited from authorizing the pretrial release of certain defendants. Pretrial release of such defendants may be authorized only by a judge.

Crimes of Violence and Weapons Offenses: A District Court commissioner may not authorize the pretrial release of (1) a defendant charged with a crime of violence, as defined in § 14-101 of the Criminal Law Article, if the defendant has previously been convicted of a crime of violence or (2) a defendant charged with specified weapons offenses if the defendant has previously been convicted of one of those offenses. **Chapter 567 of 2016** prohibited a District Court commissioner from authorizing the pretrial release of a defendant (1) charged with a crime of violence if the defendant has previously been convicted of specified weapons offenses or (2) charged with one of a list of specified weapons offenses if the defendant has previously been convicted of a crime of violence.

Sex Offenders: A District Court commissioner may not authorize the pretrial release of a person required to register with Maryland’s sex offender registry. **Chapter 616 of 2016** prohibited a District Court commissioner from authorizing the pretrial release of a defendant who is a sex offender who is required to register by another jurisdiction; a federal, military, or tribal court; or a foreign government.

Violation of Conditions of Release

A person charged with committing a sexual crime against a minor may not violate a condition of pretrial or posttrial release that prohibits the person from contacting, harassing, or abusing the victim or going in or near the alleged victim’s residence or place of employment. A violator is 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 a person has committed this crime. **Chapters 427 and 428 of 2018** added a crime of violence under § 5-101 of the Public Safety Article and a crime against a victim who is a person eligible for relief under § 4-501 of the Family Law Article as charges subjecting a person to criminal responsibility for violating a condition of pretrial or posttrial release.

Office of the Public Defender – Determination of Eligibility

Indigent individuals are eligible for representation by the Office of the Public Defender (OPD) in specified criminal proceedings. **Chapter 606 of 2017** transferred responsibility for determining whether an applicant for OPD representation is indigent and eligible for OPD representation from OPD to a District Court commissioner.

Incompetent to Stand Trial and Not Criminally Responsible

Commitment

By statute, a defendant is incompetent to stand trial (IST) if the defendant is not able to understand the nature or object of the proceeding or assist in the defense. If the court finds that the defendant is IST and, because of mental retardation (developmental disability) or a mental disorder, is a danger to self or the person or property of others, the court may order the defendant committed to a facility designated by the Maryland Department of Health (MDH) until the court finds that the defendant is (1) no longer IST; (2) no longer a danger to self or the person or property of others due to a mental disorder or mental retardation; or (3) not substantially likely to become competent to stand trial in the foreseeable future.

Under Maryland law, a defendant is not criminally responsible (NCR) for criminal conduct if, at the time of that conduct, the defendant, because of a mental disorder or mental retardation, lacks substantial capacity to appreciate the criminality of that conduct or to conform that conduct to the requirements of law.

After a verdict of NCR, a court ordinarily is required to commit a defendant to the custody of MDH for institutional inpatient care or treatment. However, the court may release a defendant after an NCR verdict if (1) MDH issues a report within 90 days prior to the verdict stating that the defendant would not be a danger if released and (2) the State's Attorney and the defendant agree to the release and any conditions imposed by the court.

Chapters 188 and 189 of 2018 required a court, upon a finding that a defendant is IST and is a danger to self or others, or upon a verdict that a defendant is NCR, to enter an order of commitment that requires MDH to commit the defendant to a "designated health care facility" as soon as possible but no later than 10 business days after MDH receives the order. If MDH fails to timely place the defendant in a facility, the court may impose any sanction reasonably designed to compel compliance, including requiring MDH to reimburse a detention facility for costs incurred as a result of delayed placement.

Designated health care facility means a (1) State facility under specified provisions of the Health-General Article; (2) a State forensic residential center; or (3) a hospital or private residential facility under contract with MDH to house and treat individuals found to be IST or NCR.

Chapters 188 and 189 also required a court to hold a hearing on whether an IST defendant continues to meet the criteria for commitment within 10 days (rather than 30 days) after receiving a report from MDH with specified information. For an additional discussion of *Chapters 188 and 189*, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *Major Issues Review*.

Court-ordered Evaluation

Chapters 702 and 703 of 2018 (1) authorized a court to order MDH to evaluate a defendant found IST or NCR under specified circumstances and develop a prompt plan of treatment and

(2) require a clinical review panel to convene within a certain amount of time if the treatment plan indicates danger.

If a court commits a defendant to a mental facility pursuant to a finding that the defendant is IST and, because of a mental disorder, is a danger to self or the person or property of another, the court may order MDH, as soon as possible after the defendant's admission, but not to exceed 48 hours, to (1) evaluate the defendant; (2) develop a prompt plan of treatment for the defendant under § 10-706 of the Health-General Article; and (3) evaluate whether there is a substantial likelihood that, without immediate treatment, including medication, the defendant will remain a danger to self or the person or property of another.

The Acts contained a similar authorization for a court that commits a defendant to a mental facility pursuant to a finding that the defendant is NCR and, because of a mental disorder, is a danger to self or the person or property of another.

A clinical review panel must convene within nine days after an individual's refusal of medication for a period of at least 72 hours if (1) the individual was committed to a hospital because of a mental disorder and (2) the individual's treatment plan indicates that there is a substantial likelihood that, without immediate treatment, the individual will remain a danger to self or the person or property of another.

The Behavioral Health Administration within MDH must develop and conduct training on the clinical review procedures outlined in statute to ensure compliance at all State facilities. The training is mandatory for all clinical directors and all individuals who are eligible to serve on a panel.

Evidence, Testimony, and Venue

Evidence of Prior Sexually Assaultive Behavior

Under Maryland Rule 5-404(b), evidence of other crimes, wrongs, or acts is not admissible to prove the character of a person in order to show action in conformity with those prior acts. However, such evidence may be admissible for other purposes, such as proof of motive, opportunity, intent, preparation, common scheme or plan, knowledge, identity, or absence of mistake or accident. The rule is consistent with the common law "propensity rule," which prohibits the use of character evidence to show a person's propensity to act in accordance with his or her character traits or prior acts.

However, Maryland courts have also accepted a "sexual propensity" exception to the general rule against admission of evidence of prior bad acts when a defendant is being prosecuted for a sexual crime and "the prior illicit sexual acts [of the defendant] are similar to the offense for which the accused is being tried and involve the same victim." *Vogel v. State*, 315 Md. 458, 466 (1989).

Chapters 362 and 363 of 2018 authorized a court, in a prosecution for specified sexual offenses, to admit evidence of "sexually assaultive behavior" by the defendant that occurred before

or after the offense for which the defendant is on trial in accordance with specified procedures and requirements. “Sexually assaultive behavior” is an act that would constitute (1) a sexual crime under Title 3, Subtitle 3 of the Criminal Law Article; (2) sexual abuse of a minor; (3) sexual abuse of a vulnerable adult; (4) a violation of 18 U.S.C. Chapter 109A (federal sexual abuse statutes); or (5) a violation of a law of another state, the United States, or a foreign country that is equivalent to these offenses.

The State must file a motion of intent to introduce evidence of sexually assaultive behavior at least 90 days before trial or at a later time if authorized by the court for good cause. The motion must include a description of the evidence. The State must provide a copy of the motion to the defendant and include any other information required to be disclosed under Maryland Rule 4-262 or 4-263, which govern discovery and inspection in the District Court and the circuit courts, respectively. The court must hold a hearing outside the presence of a jury to determine the admissibility of evidence of sexually assaultive behavior.

The court may admit evidence of sexually assaultive behavior if the court finds and states on the record that (1) the evidence is being offered to prove lack of consent or rebut an express or implied allegation that a minor victim fabricated the sexual offense; (2) the defendant had an opportunity to confront and cross-examine the witness or witnesses testifying to the sexually assaultive behavior; (3) the sexually assaultive behavior was proven by clear and convincing evidence; and (4) the probative value of the evidence is not substantially outweighed by the danger of unfair prejudice.

Admissibility of DNA Evidence

The evidence of a DNA profile is admissible in a criminal proceeding to prove or disprove the identity of any person, so long as the party seeking to introduce the evidence provides certain information to the opponent on request. *Chapters 570 and 571 of 2016* altered the definition of “DNA profile” to be an analysis of genetic loci that has been validated according to (1) standards established by the Technical Working Group on DNA Analysis Methods (TWGDAM); (2) standards established by the DNA Advisory Board of the Federal Bureau of Investigation (FBI); (3) the FBI’s Quality Assurance Standards for Forensic DNA Testing Laboratories; or (4) the FBI’s Quality Assurance Standards for DNA Databasing Laboratories. In order for a DNA profile to be admissible under § 10-915 of the Criminal Procedure Article as evidence in a criminal proceeding, it must be accompanied by a statement from the testing laboratory setting forth that the analysis of genetic loci has been validated by one of the aforementioned standards. While TWGDAM and the DNA Advisory Board no longer exist, the two entities remain in the statute for the prosecution of cold cases in which testing occurred when those entities did exist and their standards were still in place.

Testimony by Convicted Perjurers

Until 2016, State law prohibited a convicted perjurer from testifying in a court proceeding. *Chapters 530 and 531 of 2016* repealed the prohibition on convicted perjurers testifying in court proceedings and required that evidence that a person has been convicted of perjury be admitted for the purpose of attacking the credibility of the witness, regardless of the date of the conviction, if

the evidence is elicited from the witness or established by public record during examination of the witness.

Venue for Prosecution – Bomb Threat

A person is prohibited from circulating or transmitting to another, with intent that it be acted on, a statement or rumor that the person knows to be false about the location or possible detonation of a destructive device or the location or possible release of toxic material. A violator is guilty of a felony, punishable by imprisonment for up to 10 years and/or a \$10,000 maximum fine. If the crime was committed using a telephone or other electronic means, the crime may be prosecuted in the county in which the communication originated or the county in which the communication was received. *Chapter 612 of 2016* authorized a person to be prosecuted for making a false statement concerning a destructive device or toxic material using a telephone or other electronic means in the county in which the destructive device or toxic material was stated or was rumored to be located.

Seizure and Forfeiture

Chapter 5 of 2016 made several changes to statutes pertaining to seizure and forfeiture of property in connection with violations of the State’s controlled dangerous substances laws.

Chapter 5 removed the following from the statutorily specified list of property and items subject to forfeiture in a controlled dangerous substances case: money of \$300 or less used or intended to be used in connection with the unlawful manufacture, distribution, dispensing, or possession of a controlled dangerous substance or controlled paraphernalia. However, any amount of money that is directly connected to the unlawful distribution of a controlled dangerous substance may be seized. The Act repealed the statutory provision that money or weapons that are found in close proximity to a contraband controlled dangerous substance, controlled paraphernalia, or forfeitable records of the importation, manufacture, or distribution of controlled dangerous substances are contraband and presumed to be forfeitable. The Act also removed the burden on the claimant of seized money or weapons to rebut this presumption.

Chapter 5 altered the burden of proof by requiring that the State prove, by a preponderance of the evidence, that the violation of the controlled dangerous substance law was committed with the owner’s actual knowledge before the following property or an interest in the following property can be forfeited: (1) conveyances used or intended to be used to transport controlled dangerous substances or specified activity related to controlled dangerous substance violations; (2) real property; and (3) everything of value furnished or intended to be furnished in exchange for a controlled dangerous substance in violation of the controlled dangerous substance law, all proceeds traceable to the exchange, and all negotiable instruments and securities used, or intended to be used to facilitate any violation of the controlled dangerous substance law.

Prior to *Chapter 5*, this property was subject to forfeiture unless the owner proves, by a preponderance of the evidence, that the violation was committed without the owner’s actual knowledge.

Chapter 5 established that a claimant's property is subject to forfeiture if the State establishes, by clear and convincing evidence, that the claimant violated specified provisions of the controlled dangerous substance law or attempted or conspired to violate the controlled dangerous substance law. Accordingly, the Act repealed the rebuttable presumption and the claimant's burden of proof to rebut that presumption.

Chapter 5 required a seizing authority to send specified written information regarding the seizure and the property to the owner of the property within 30 days of the seizure. The Act also prohibited a seizing authority or prosecuting authority from directly or indirectly transferring seized property to a federal law enforcement authority or agency unless a criminal case related to the seizure is prosecuted in the federal court system under federal law, or the owner of the property consents to the forfeiture.

Chapters 619 and 658 of 2016 made additional changes to the State's laws on the seizure and forfeiture of property in connection with violations of the State's controlled dangerous substances laws, as established by **Chapter 5**.

The Acts (1) removed money in an amount of more than \$300 used or intended to be used in connection with the unlawful possession of a controlled dangerous substance or controlled paraphernalia from the statutory list of forfeitable property and (2) established that money used or intended to be used in connection with the unlawful manufacture, distribution, or dispensing of a controlled dangerous substance or controlled paraphernalia is subject to forfeiture.

Chapters 619 and 658 required a seizing authority, at the time of seizure, to provide a receipt containing specified information and notices to the person from whom the property was seized. If the person who received the receipt is not the owner of the property, the seizing authority must send written information containing specified information regarding the location and description of the property and relevant contact information to the owner of the seized property, if known, within 15 days after the seizure of the property.

The Acts authorized the owner of seized property to make a written request to the seizing authority for the return of the seized property. Within 60 days after receipt of a written request, the seizing authority must make a decision as to the disposition of the seized property and must notify the owner that (1) the seizing authority does not have custody of the property and must provide contact information for the law enforcement agency that does have custody of the property; (2) the seizing authority has custody of the property and will file a complaint for forfeiture; (3) the seizing authority has custody of the property and will retain it for evidentiary purposes until after the conclusion of a criminal case; or (4) the seizing authority has custody of the property and will promptly return the property to the owner.

If the State or a political subdivision does not file a timely complaint seeking forfeiture, the property must be returned to the owner, if known.

In addition to existing statutory restrictions, the Acts prohibited a seizing authority or forfeiting authority from directly or indirectly transferring seized property to a federal law enforcement authority or agency unless (1) the property is cash of at least \$50,000 or (2) the seizing

authority transfers the property to a federal authority under a federal seizure warrant issued to take custody of assets originally seized under State law.

Except for purposes of impeachment, a statement made by a person regarding ownership of seized property during the course of a forfeiture proceeding is not admissible in a related criminal prosecution.

Chapters 619 and 658 required the Governor to appropriate 20% of the proceeds deposited into the State’s general fund from forfeited property under Title 12, Subtitle 4 of the Criminal Procedure Article to MDH for the purpose of funding drug treatment and education programs.

The Acts also required (1) seizing authorities to report specified seizure and forfeiture information; (2) the Maryland Statistical Analysis Center (MSAC), which is within GOCCP, to compile information submitted by seizing authorities; and (3) GOCCP to submit an annual report on the submitted information. GOCCP may include, with MSAC’s aggregate report, recommendations to the legislature to improve forfeiture statutes to better ensure that forfeiture proceedings are reported and handled in a manner that is fair to crime victims, innocent property owners, secured interest holders, citizens, and taxpayers.

Immunity from Prosecution – Alcohol or Drug Use

Chapter 714 of 2009 established that the act of seeking medical assistance for a person who is experiencing a medical emergency after ingesting alcohol or drugs may be used as a mitigating factor in a criminal prosecution.

Chapter 401 of 2014 expanded this provision by establishing that a person who, in good faith, seeks, provides, or assists with the provision of medical assistance for a person experiencing a medical emergency after ingesting or using alcohol or drugs must be immune from criminal prosecution for specified violations if the evidence for the criminal prosecution was obtained solely as a result of the person’s seeking, providing, or assisting with the provision of medical assistance. In addition, a person who experiences a medical emergency after ingesting or using alcohol or drugs must be immune from criminal prosecution for certain violations if the evidence for the criminal prosecution was obtained solely as a result of another person’s seeking medical assistance. The act of seeking, providing, or assisting with the provision of medical assistance for another person who is experiencing a medical emergency after ingesting or using alcohol or drugs may be used as a mitigating factor in a criminal prosecution.

Chapter 375 of 2015 further expanded and clarified these provisions. **Chapter 375** clarified that the act of seeking, providing, or assisting with the provision of medical assistance for another person who is experiencing a medical emergency after ingesting or using alcohol or drugs may be used as a mitigating factor in a criminal prosecution of (1) the person who experienced the medical emergency or (2) any person who sought, provided, or assisted in the provision of medical assistance.

The Act established that immunity applies to situations involving a person who, in good faith, provides medical assistance to another reasonably believed to be experiencing a medical

emergency, or a person who reasonably believes that he or she is experiencing a medical emergency, rather than the previous application of immunity to situations involving a person who is experiencing a medical emergency.

Chapter 375 also expanded application of immunity from criminal prosecution to include immunity from criminal arrest or charge and clarified that immunity from criminal arrest, charge, or prosecution for specified offenses applies if the evidence for the criminal arrest, charge, or prosecution was obtained solely as a result of the person seeking or receiving medical assistance. The Act added the prohibition on controlled paraphernalia to the list of offenses to which this immunity applies.

A person who seeks, provides, or assists with the provision of medical assistance in accordance with statute may not be sanctioned for a violation of a condition of pretrial release, probation, or parole if the evidence of the violation was obtained solely as a result of the person seeking, providing, or assisting with the provision of medical assistance.

Alteration of Provisions Related to Specified Offenses

Home Invasion

Prior to October 1, 2014, a person who broke and entered the dwelling of another with the intent to commit theft or a crime of violence was guilty of burglary in the first degree, a felony punishable by imprisonment for up to 20 years.

Chapter 238 of 2014 established the crime of felony home invasion under the burglary in the first degree statute. Pursuant to Chapter 238, a person who breaks and enters the dwelling of another with the intent to commit a crime of violence is guilty of felony home invasion and subject to imprisonment for up to 25 years. Chapter 238 retained the application of the maximum penalty for first-degree burglary (imprisonment for 20 years) to individuals who break and enter the dwelling of another with the intent to commit a theft.

However, while burglary in the first degree is defined as a “crime of violence” under § 4-401 of the Criminal Law Article and § 5-101 of the Public Safety Article, Chapter 238 did not add felony home invasion to those definitions.

Chapter 321 of 2015 added felony home invasion to the definition of a “crime of violence” under § 4-401 of the Criminal Law Article and § 5-101 of the Public Safety Article.

Exploitation of a Vulnerable Adult – Petition to Freeze Assets

A “vulnerable adult” is an adult who lacks the physical or mental capacity to provide for the adult’s daily needs. A person may not knowingly and willfully obtain by deception, intimidation, or undue influence the property of an individual that the person knows or reasonably should know is at least age 68 or is a vulnerable adult with intent to deprive the vulnerable adult of the vulnerable adult’s property. Penalties for the offense vary based on the value of the property.

Chapters 336 and 337 of 2015 authorized a State’s Attorney to file a petition to freeze assets of a defendant charged with exploitation of a vulnerable or elder adult if (1) the petition is filed within 60 days of the defendant being charged with the offense; (2) the alleged value of the lost or stolen property in the criminal charge is \$10,000 or more; (3) the amount of money subject to the petition does not exceed the alleged value of the lost or stolen property in the criminal charge; and (4) the State’s Attorney sends a notice of intent to file the petition to each financial institution in possession of money subject to the petition. The Acts also specified content and procedural requirements for these petitions.

Marijuana Possession – Procedural Clarifications

In general, a defendant in possession of marijuana is guilty of a misdemeanor and subject to imprisonment for up to one year and/or a fine of up to \$1,000. However, pursuant to Chapter 158 of 2014, possession of less than 10 grams of marijuana is a civil offense punishable by a fine of up to \$100 for a first offense and \$250 for a second offense. The maximum fine for a third or subsequent offense is \$500.

Chapter 514 of 2016 clarified that a person who violates the prohibition against possessing a controlled dangerous substance involving marijuana in the amount of 10 grams or more is guilty of the misdemeanor of possession of marijuana and established additional procedures for prosecution of civil cases for possession of less than 10 grams of marijuana.

A court that orders a person to a drug education program or substance abuse assessment or treatment may hold the case *sub curia* (as a matter of law), pending receipt of proof of completion of the program, assessment, or treatment.

The court must summon a person for trial if the person (1) is issued a citation for use or possession of less than 10 grams of marijuana; (2) is at least age 21; and (3) has been previously found guilty at least twice for use or possession of less than 10 grams of marijuana.

The District Court must establish a schedule for the prepayment of the fine. Under the Act, prepayment of a fine is considered a plea of guilty. A person younger than age 21 may not prepay the fine. The Act also specified requirements for a person to request a trial. If the person does not request a trial or prepay the fine within the specified timeframe, the court may impose the maximum fine and costs against the person and find the person guilty.

The issuing jurisdiction must forward a copy of the citation and a request for trial to the District Court in the district that has venue.

In any proceeding for a code violation involving the use or possession of less than 10 grams of marijuana (1) the State has the burden to prove the defendant guilty by a preponderance of the evidence; (2) the court must apply the evidentiary standards as prescribed by law for the trial of a criminal case; (3) the court must ensure that the defendant receives a copy of the charges and that the defendant understands those charges; (4) the defendant is entitled to cross-examine all witnesses who appear against the defendant, to produce evidence or witnesses on behalf of the defendant, and to testify in self-defense; (5) the defendant is entitled to representation by counsel

of the defendant's choice and at the defendant's expense; and (6) the defendant may enter a plea of guilty or not guilty, and the verdict of the case must be guilty of a code violation, not guilty of a code violation, or probation before judgment.

A defendant is liable for the costs of the proceedings in the District Court. The court costs are \$5.

The State's Attorney for any county may prosecute a code violation for possession of less than 10 grams of marijuana in the same manner as the prosecution of a violation of the criminal laws of the State. The State's Attorney may also enter a *nolle prosequi* or place the case on the stet docket, and exercise authority in the same manner as prescribed by law for violations of the criminal laws of the State.

A citation for use or possession of less than 10 grams of marijuana, and the official court record regarding the citation, are not subject to public inspection and may not be included on the Judiciary's public website under specified circumstances.

Solicitation to Commit Murder or Arson – Statute of Limitations

In general, prosecution for a misdemeanor must be instituted within one year after the offense was committed. Under the common law, solicitation is a misdemeanor regardless of whether the substantive crime that is the basis of the solicitation is a misdemeanor or felony. There is no statute of limitations for a felony. *Chapter 647 of 2017* increased the statute of limitations for the prosecution of the crime of solicitation to commit murder in the first degree or arson in the first or second degree from one year to three years. *Chapter 648 of 2017* contained these provisions and also increased the statute of limitations for the prosecution of the crime of solicitation to commit murder in the second degree from one year to three years.

Mandatory Minimum Sentences – Drug Distribution – “Escape Valve”

Chapter 490 of 2015 authorized a court to depart from specified mandatory minimum sentences for drug-related offenses committed on or after October 1, 2015, if the court finds and states on the record that, giving due regard to the nature of the crime, the history and character of the defendant, and the defendant's chances of successful rehabilitation: (1) the imposition of the mandatory minimum sentence would result in substantial injustice to the defendant and (2) the mandatory minimum sentence is not necessary for the protection of the public. Savings realized as a result of the Act must revert to the general fund to be used for drug treatment programs.

Postconviction Proceedings

Petition for DNA Testing and Database/Log Search

As part of a postconviction proceeding, a person convicted of murder in the first or second degree, manslaughter, rape in the first or second degree, or sexual offense in the first or second degree may petition for (1) DNA testing of scientific identification evidence that the State is required to preserve pursuant to specified statutory requirements and that is related to the judgment

of conviction or (2) a search by a law enforcement agency of a database or log for the purpose of identifying the source of physical evidence used for DNA testing.

Chapter 369 of 2015 expanded the group of persons who may file petitions for postconviction DNA testing or database/log searches to an individual convicted of a crime of violence, as defined under § 14-101 of the Criminal Law Article. Though the Act expanded the offenses eligible for postconviction DNA testing, it applied the existing statutory requirement that the State preserve scientific identification evidence meeting specified criteria to the offenses eligible for postconviction DNA testing under the previous statute.

In *Yonga v. State*, 446 Md. 183 (2016), the Maryland Court of Appeals affirmed a holding by the Court of Special Appeals that a defendant convicted pursuant to a guilty plea is not eligible to file a petition for writ of actual innocence under § 8-301 of the Criminal Procedure Article. In *Jamison v. State*, 450 Md. 387 (2016), the Maryland Court of Appeals held that a defendant who entered an Alford plea was not entitled to petition for postconviction DNA testing under § 8-201 of the Criminal Procedure Article for the same offense. The court determined that the defendant's Alford plea was equivalent to a guilty plea and discussed the *Yonga* analysis extensively in its opinion.

Chapter 602 of 2018 (1) expanded eligibility to file a petition for postconviction DNA testing or a database/log search to include a person convicted as the result of a plea of guilty, an Alford plea, or a plea of *nolo contendere* and (2) established procedures for petitions filed under these circumstances. **Chapter 602** made similar changes to eligibility to file a petition for writ of actual innocence and procedures for those petitions.

Writ of Error *Coram Nobis* – Time for Filing

Under the English common law, a writ of error *coram nobis* was a remedy allowing a court to correct an error in fact. The writ was used “to bring before the court facts which were not brought into issue at the trial of the case, and which were material to the validity and regularity of the proceedings, and which if known by the court, would have prevented the judgment.” *Skok v. State*, 361 Md. 52, 68 (2000) (quoting *Madison v. State*, 205 Md. 425, 432 (1954)). In *Skok v. State*, the Maryland Court of Appeals extended the writ of error *coram nobis* to apply to errors in law.

Senate Bill 838/House Bill 891 of 2018 (both passed) established that unless good cause is shown, a petition for writ of error *coram nobis* may not be filed more than three years after the petitioner knew or should have known that the petitioner faces a significant collateral consequence from the conviction that is the basis for the petition. The bills were vetoed by the Governor.

Shielding and Expungement of Records

Chapters 625 and 626 of 2009 established a Task Force on Prisoner Reentry. The task force issued a final report of its findings and recommendations in 2011. The shielding of criminal records for nonviolent convictions from public view after an appropriate waiting/proving period was one of the task force's recommendations.

Shielding

Chapter 313 of 2015 authorized a person to petition a court to shield the person's court records and police records relating to one or more "shieldable convictions" of the person entered in the circuit court or the District Court in one county no earlier than three years after the person satisfies the sentence imposed for all convictions for which shielding is requested, including parole, probation, or mandatory supervision. This authorization does not apply to a conviction for a domestically related crime. If a person is not eligible for shielding of one conviction in a "unit," the person is not eligible for shielding of any other conviction in the unit. A person may be granted only one shielding petition over the lifetime of the person, and a court may grant a shielding petition for good cause.

"Shield" means to render a court record and police record relating to a conviction of a crime inaccessible by members of the public. Also, the Maryland Judiciary Case Search may not in any way refer to the existence of specific records shielded in accordance with **Chapter 313**. "Shieldable conviction" means a conviction of 1 of a list of 12 specified crimes. A "unit" means two or more convictions that arise from the same incident, transaction, or set of facts.

If the person is convicted of a new crime during the applicable time period, the original conviction or convictions are not eligible for shielding unless the new conviction becomes eligible for shielding. A person who is a defendant in a pending criminal proceeding is not eligible for shielding. A shielded conviction may not be considered a conviction for specified expungement provisions.

Chapter 313 also contained provisions regarding continued access to shielded information by specified individuals and entities, prohibited disclosures of shielded information, and prohibited inquiries into a person's shielded information.

Expungement

Under the Criminal Procedure Article, a person who has been charged with the commission of a crime may file a petition for expungement listing the relevant facts of a police record, court record, or other record maintained by the State or a political subdivision of the State, under various circumstances listed in the statute. These grounds include acquittal, dismissal of charges, entry of probation before judgment, entry of *nolle prosequi*, stet of charge, and gubernatorial pardon. Individuals convicted or found not criminally responsible of specified public nuisance crimes are also eligible for expungement of the associated criminal records under certain circumstances.

Crime That is No Longer a Crime: Chapter 374 of 2015 expanded eligibility for expungement to persons convicted of a crime where the act on which the conviction was based is no longer a crime.

Subsequent Conviction Rule: Chapter 314 of 2015 repealed provisions of law specifying that a person is not entitled to expungement if (1) the petition for expungement is based on a certain entry of probation before judgment, a *nolle prosequi*, a stet, a *nolle prosequi* or stet with the requirement of drug or alcohol treatment, a conviction for one of a list of specified crimes, a finding

of not criminally responsible, or the grant of a pardon by the Governor and (2) the person to whom the petition applies has subsequently been convicted of a crime (other than a minor traffic violation) or is a defendant in a criminal proceeding.

Under the Act, a person is not entitled to expungement if (1) the person is a defendant in a pending criminal proceeding or (2) the petition for expungement is based on the entry of probation before judgment, except a probation before judgment for a crime where the act on which the conviction is based is no longer a crime and the person was convicted of a crime other than a minor traffic violation or a crime where the act on which the conviction is based is no longer a crime within three years after the entry of the probation before judgment.

Case Transferred to Juvenile Court: Chapter 69 of 2015 required that a petition for expungement of a criminal charge that has been transferred to the juvenile court be filed in the court of original jurisdiction from which the order of transfer was entered (the adult criminal court). For a further discussion of **Chapter 69**, see the subpart “Juvenile Law” of this Part E.

Misdemeanor Convictions: Chapter 515 of 2016, also known as the Justice Reinvestment Act, authorized a person to file a petition listing relevant facts for expungement of a police, court, or other record if the person is convicted of specified misdemeanor offenses. In general, a petition for expungement may not be filed earlier than 10 years after the person satisfied the sentence or sentences imposed for all convictions for which expungement is requested, including parole, probation, or mandatory supervision. However, petitions based on specified offenses are subject to a 15-year waiting period. If the person is convicted of a new crime during the waiting period, the original conviction or convictions are not eligible for expungement unless the new conviction becomes eligible. A person is not eligible for expungement if the person is a defendant in a pending criminal proceeding or if one conviction in a unit is not eligible for expungement. In general, a person must file a petition for expungement in the court in which the proceeding began. However, **Chapter 515** specified procedures for situations involving transfers to another court or the juvenile court. In addition, the Act specifies procedural requirements regarding objections to a petition, hearings, and appeals. For further discussion of **Chapter 515**, see the subpart “Public Safety” of this Part E.

Conviction for Possession of Marijuana: Chapter 801 of 2017 expanded eligibility for expungements to include convictions for possession of marijuana under § 5-601 of the Criminal Law Article. A petition for expungement based on a conviction for possession of marijuana may not be filed within four years after the conviction or satisfactory completion of the sentence, including probation that was imposed for the conviction, whichever is later. The Act also clarified that expungement provisions under **Chapter 515** apply to a conviction of a misdemeanor violation of § 5-601 of the Criminal Law Article that *does not* involve the use or possession of marijuana.

Conviction of Common Law Battery: Chapter 703 of 2017 expanded the list of convictions eligible for expungement under **Chapter 515** to include a misdemeanor conviction for common law battery. A petition for expungement based on a conviction of common law battery may not be filed earlier than 15 years after the person satisfies the sentence or sentences imposed

for all convictions for which expungement is requested under the provisions of *Chapter 515*, including parole, probation, or mandatory supervision.

Felony Convictions: *Chapter 143 of 2018* authorized the expungement of a felony conviction for theft, possession with intent to distribute a controlled dangerous substance, and burglary. *Chapter 143* specified that a petition for expungement of a felony is subject to a waiting period of 15 years from when the person satisfies the sentence or sentences imposed for all convictions for which expungement is requested, including parole, probation, or mandatory supervision. For a further discussion of *Chapter 143*, see the subparts “Criminal Law” and “Public Safety” of this Part E.

Civil Offenses: Under the Criminal Procedure Article, a person who has been charged with a civil offense or infraction, except a juvenile offense, as a substitute for a criminal charge may file a petition for expungement listing the relevant facts of a police record, court record, or other record maintained by the State or a political subdivision of the State, under various circumstances listed in the statute. *Chapter 686 of 2018* clarified that a person may petition for expungement of any civil offense or infraction, except a juvenile offense. *Chapter 686* repealed the requirement that the civil offense or infraction be a substitute for a criminal charge.

Victims of Crime

Sexual Assault

Chapter 37 of 2015 required a law enforcement agency or other State or local agency charged with the maintenance, storage, and preservation of sexual assault kit evidence to conduct an inventory of all kits that were stored by the agency by January 1, 2016, and report the results to the Office of the Attorney General (OAG). *Chapter 37* required OAG to prepare and transmit, by December 1, 2016, a report to the General Assembly detailing (1) the number of untested sexual assault collection kits stored by each agency; (2) the date that each untested sexual assault collection kit was collected; and (3) recommendations for addressing any backlog of untested sexual assault collection kits.

In January 2017, OAG released the required report detailing the findings of the audit and including recommendations for addressing the backlog. One of the recommendations included the formation of a Sexual Assault Evidence Kit Oversight Committee to develop (1) mandated uniform standards in a model policy; (2) corresponding support for funding, training, education, and survivor notification; (3) long-term monitoring of agency compliance with the model policy; and (4) policy guidance on the availability, collecting, testing, and storage of sexual assault evidence kits and related issues.

Chapter 659 of 2017 (1) expanded the services that sexual assault crisis programs in the State must provide; and (2) required the Governor to include in the annual budget bill an appropriation of at least \$3 million for the federally recognized State sexual assault coalition (Maryland Coalition Against Sexual Assault) and sexual assault crisis programs, as specified. Under specified circumstances, the Governor is authorized to reduce the mandated appropriation by up to 40%. The Act also established the Maryland Sexual Assault Evidence Kit Policy and

Funding Committee. In fiscal 2018 and in each fiscal year thereafter, the Governor must include funds in the State budget to implement the Act’s provisions relating to the committee, including funds to operate and maintain an office and employ a full-time assistant Attorney General to staff the committee and assist with the implementation of regulations that must be adopted.

Chapters 158 and 159 of 2017 required a health care provider that performs a sexual assault evidence collection kit exam on a victim of sexual assault to provide the victim with written information describing the laws and policies governing the testing, preservation, and disposal of a sexual assault evidence collection kit.

A sexual assault evidence collection kit must be transferred to a law enforcement agency (1) by a hospital or child advocacy center within 30 days after a specified exam is performed or (2) by a government agency in possession of a kit, unless the agency is otherwise required to retain the kit by law or court rule. A law enforcement agency is prohibited from destroying or disposing of a sexual assault evidence collection kit or other crime scene evidence relating to a sexual assault that has been identified by the State’s Attorney as relevant to prosecution within 20 years after the evidence is collected, unless the case for which the evidence was collected resulted in a conviction and the sentence has been completed or all suspects identified by testing a kit are deceased.

A law enforcement agency with custody of a sexual assault evidence collection kit, on written request by the victim, must (1) notify the victim at least 60 days before the date of intended destruction or disposal of the evidence or (2) retain the evidence, as specified.

Prohibited Exposure to Disease

“Prohibited exposure” means a crime or delinquent act that may have caused or resulted in exposure to HIV. *Chapters 485 and 486 of 2017* added hepatitis C as a disease for which a person charged with causing a prohibited exposure to a victim may be tested, including corresponding procedural statutes. The Acts also contained provisions regarding emergency court orders to use oral swabs to test for the presence of HIV in prohibited exposure cases. Finally, *Chapters 485 and 486* expanded the definition of a “victim” of a prohibited exposure to include a health care provider who is exposed to HIV or hepatitis C while working under the direction of a law enforcement agency or while performing a sexual assault medical evidence collection examination.

Victim Protection – Electronic Monitoring

“Victim stay-away alert” technology is a system of electronic monitoring that is capable of notifying a victim if the defendant is at or near a location from which the defendant has been ordered by the court to stay away. *Chapter 643 of 2017* required a victim impact statement to include any request for electronic monitoring or electronic monitoring with victim stay-away alert technology. The State Board of Victim Services must include in its pamphlets information regarding how to request that an offender be placed on electronic monitoring or electronic monitoring with victim stay-away technology. On a finding of probable cause and before the issuance of an arrest warrant or a summons, a judicial officer must provide an individual filing an

application for a statement of charges under Maryland Rule 4-211 with an opportunity to request reasonable protections for the safety of an alleged victim or the victim's family.

Victim Notification

Chapter 426 of 2015 required an investigating law enforcement agency, upon written request, to give the victim of a crime of violence, or the victim's representative, timely notice as to (1) whether an evidentiary DNA profile was obtained from evidence in the case; (2) when any evidentiary DNA profile developed in the case was entered into the DNA database system; and (3) when any confirmed match of the DNA profile, official DNA case report, or DNA hit report is received. The requirement does not apply when to do so would impede or compromise an ongoing investigation or when the victim's representative is a suspect or a person of interest in the criminal investigation of the crime involving the victim. *Chapter 426* also required the State Board of Victim Services to develop pamphlets to notify victims and their representatives about how to request information regarding an unsolved case.

Chapter 702 of 2017 required GOCCP to develop and update as necessary a uniform victim's representation notification form for a victim's representative to receive notification of a license suspension hearing as a result of a moving violation that contributed to a fatality. For an additional discussion of *Chapter 702*, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *Major Issues Review*.

Chapter 622 of 2017 expanded who is regarded as a victim for the purpose of notification of parole release hearings, commutations, pardons, or sentence remissions. It also expanded post sentencing victim notification requirements regarding an offender's mandatory supervision release, parole, predetermined parole release agreement, violation of a condition of parole or mandatory supervision, commutation of sentence, pardon, or remission of sentence to apply to a conviction of *any crime* rather than only a *violent crime*. *Chapter 622* similarly expanded the types of crimes for which a victim may submit a victim impact statement to the Maryland Parole Commission or the Division of Parole and Probation. The Act also limited those who may be designated as a victim representative for the purpose of specified expanded notifications.

Victim Services Unit

Victims of crime are eligible for a variety of services provided by State agencies. *Chapter 422 of 2018* established a Victim Services Unit in GOCCP to coordinate State responsibilities concerning services to victims, including the collection of restitution and reimbursements for sexual assault forensic evidence examinations (SAFE exams) and other eligible expenses for cases involving rape, sexual offenses, or child sexual abuse. *Chapter 422* transferred related functions from the Department of Public Safety and Correctional Services (DPSCS) and MDH to the Victim Services Unit and established a reporting requirement for GOCCP.

Restitution – Right to Appeal

A victim of a crime who alleges that the victim’s right to restitution was not considered or was improperly denied by the court in a case in which a defendant or a child respondent is charged with the crime may file a motion requesting relief within 30 days of the denial or alleged failure to consider. If the court finds that the victim’s right to restitution was not considered or was improperly denied, the court may enter a judgment of restitution.

Chapters 540 and 541 of 2016 expanded the rights of victims by establishing that a victim of a crime for which a defendant or child respondent is charged may file an application for leave to appeal to the Court of Special Appeals from an interlocutory order or appeal to the Court of Special appeals from a final order that denies or fails to consider a victim’s right relating to restitution.

Criminal Injuries Compensation Fund

The Criminal Injuries Compensation Fund (CICF), which is within DPSCS, 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 their medical expenses and loss of earnings, but only if the injury is a direct result of a criminal or delinquent offense. In cases of homicide, the board may assist with funeral expenses and loss of support on the part of the victim’s dependents.

The definition of “crime” for purposes of eligibility for CICF awards is a criminal offense under state, federal or common law that is committed in this State, committed in another state against a resident of this State, or an act of international terrorism against a resident of this State. “Crime” excludes an act involving the operation of a vessel or motor vehicle unless the act is a violation of statutory provisions listed under § 11-801(d)(2) of the Criminal Procedure Article.

Chapter 671 of 2017 expanded eligibility for financial assistance for victims of crime through CICB to include a victim of a violation of § 8-738 of the Natural Resources Article (operating a vessel while under the influence of alcohol or impaired by alcohol or drugs).

Chapters 458 and 459 of 2018 established that a victim of an act involving the operation of a vessel or motor vehicle is eligible for financial assistance for victims of crime through CICB if the act is (1) a violation of the Criminal Law Article or (2) a violation of federal law or the law of another state that is substantially equivalent to a violation listed under § 11-801(d)(2) of the Criminal Procedure Article, as required under specified provisions of federal law.

Chapter 7 of 2017 altered, from two continuous weeks to \$100, the minimum eligibility threshold for an award of lost earnings or support from CICF. It also established eligibility for parents, children, or spouses of victims who died as a direct result of a crime or delinquent act to receive an award for lost wages. Such individuals are eligible for an award of up to two weeks of lost average weekly wages, but compensation for these claims may not exceed \$2,000 per incident.

Juvenile Law

Transfer Determinations – Confinement in Juvenile Facilities

Prior to 2015, courts electing to detain a child who had been charged as an adult were authorized, but not required, to order the child to be held in a Department of Juvenile Services (DJS) facility (instead of an adult detention facility) pending a decision of whether to transfer the case to the juvenile court (reverse waiver). A report by the National Council on Crime and Delinquency indicated that over two-thirds of juveniles who were committed to an adult detention facility in Baltimore City left without a conviction in adult court, yet spent an average of three months detained. Furthermore, although the Prison Rape Elimination Act, federal standards, and national detention certifications require that local facilities keep juveniles sound and sight separated from adult detainees, many of the State's local detention facilities could not meet these requirements because of physical space issues within their buildings. In many jurisdictions, youth charged as adults were either being held in solitary confinement for up to 23 hours per day to meet sight and sound requirements or intermixed with the adult jail population, in violation of federal law.

In response to these concerns, *Chapter 442 of 2015* altered the authority of the court to determine whether a child may be held in a secure juvenile facility pending a reverse waiver determination by requiring, rather than authorizing, a court exercising criminal jurisdiction or the District Court, at a bail review or preliminary hearing involving such a child, to order the child held in a secure juvenile facility unless (1) the child is released on bail, recognizance, or on other conditions of pretrial release; (2) there is not available capacity in a secure juvenile facility, as determined by DJS; or (3) the court finds that detention in a secure juvenile facility would pose a risk of harm to the child or others, and states the reasons for the finding on the record.

Shackling and Strip Searches of Juveniles

DJS is required to adopt regulations applicable to residential facilities it operates that (1) prohibit the use of locked door seclusion and restraints as punishment and describe the circumstances under which these methods may be used and (2) prohibit abuse of a child. In accordance with regulations, a DJS facility employee may apply restraints to a youth only for the protection of the youth or other individuals, secure transportation, or the prevention of escape. The use of restraints is governed by the policy applicable to the facility, which is based on the facility's physical structure and personnel. The Juvenile Justice Monitoring Unit (JJMU) within the Office of the Attorney General investigates the needs of children under the jurisdiction of DJS and determines whether the needs are being met in compliance with State law. This includes reporting on allegations of abuse and on the treatment of and services for youth held in facilities. In its Fourth Quarter Report and 2015 Annual Review, JJMU expressed concern with the policy of DJS on strip searches and shackling of children and recommended that State law be changed to prohibit indiscriminate shackling and strip searches in DJS facilities and during transportation.

Chapter 655 of 2016 established the Task Force to Study the Restraint, Searches, and Needs of Children in the Juvenile Justice System, which was staffed by JJMU and the Office of the Public Defender.

Among other items, the task force was required to:

- review the policies and practices of DJS regarding shackling and strip searches of children within the juvenile justice system;
- examine when, by whom, and for what purpose a child in the custody of DJS is strip-searched or shackled; and
- make recommendations regarding changes in policies, practices, or capital expenditures that are necessary to address issues involving the restraint and searches of children within the juvenile justice system.

By the time the task force submitted its final report in December 2016, DJS had already implemented some of the task force’s recommendations, including (1) directing staff to use a graduated approach such as a pat down or using a wand before conducting a visual body search; (2) providing youth with a disposable paper gown when conducting a visual body search; (3) evaluating the reorganization of its secure transportation unit; (4) providing a period of five minutes free of mechanical restraints for every four hours a youth is restrained during transport; and (5) developing procedures for out-of-state secure transports. DJS had also developed policies to address the use of visual body searches, including prohibiting a visual body search, except at admission to a DJS facility, unless there is an articulated reasonable belief that the youth is concealing contraband. Unless there is a reasonable belief that contraband is being concealed, a visual body search at admission is not allowed when youth have remained under the direct and continuous supervision of DJS staff during an off-campus outing.

Chapter 487 of 2017 required DJS, by December 1, 2017, to prepare a progress report on the status of the implementation of the recommendations of the task force. DJS was required to compile information on changes to policies and procedures regarding the use of visual body searches and mechanical restraints during transportation. Among other items, DJS was required to compile information on (1) the number of visual body searches conducted and the circumstances leading to the searches; (2) whether contraband was removed as a result of the searches; and (3) the number of times youth are transported in mechanical restraints from a staff secure placement, while being released on an earned home pass, or while being released back to the community.

Juvenile Court and Records

Transfer to Juvenile Court – Expungement

Subject to specified exceptions, an adult court exercising criminal jurisdiction in a case involving a child may transfer jurisdiction to a juvenile court at sentencing if (1) as a result of trial or a plea entered (in lieu of trial), all charges that precluded the juvenile court from exercising

jurisdiction did not result in a finding of guilty and (2) pretrial transfer was prohibited because the alleged crime was first-degree murder and the child was 16 or 17 years old at the time of its commission, or the court did not transfer jurisdiction after a hearing on a motion for reverse waiver.

Chapter 712 of 2009 required a court to grant a petition for expungement of a criminal charge that was transferred to the juvenile court under reverse waiver provisions. Chapter 563 of 2012 expanded eligibility for these expungements to cases transferred to the juvenile court at sentencing. Under the general expungement statute, if a proceeding began in one court and was transferred to another court, a petition for expungement must be filed in the court to which the proceeding was transferred. In *In re Nancy H.*, 297 Md. App. 419, 14 A.3d 19 (2011), a former juvenile sought to have a criminal record expunged from a proceeding in which the case was transferred from the criminal court to the juvenile court for disposition. The Court of Special Appeals held that the juvenile court had the authority to expunge the petitioner's (adult) criminal record in the case.

Chapter 69 of 2015 created an exception to the procedures for filing expungement petitions by requiring that a petition for expungement of a criminal charge that has been transferred to the juvenile court be filed in the court of original jurisdiction from which the order of transfer was entered (the adult criminal court).

Disclosure of Juvenile Court Records

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

Chapter 669 of 2018 created additional exceptions to the general rule of confidentiality of juvenile records that apply to the Department of Human Services (DHS), local social services departments, the Maryland Department of Health (MDH), and local health departments. DHS or a local department of social services may have access to and confidential use of a court record if, in coordination with DJS, it is providing services or care for a child who is the subject of the record, for a purpose relevant to the provision of the services or care. The Act created a similar exception for circumstances in which MDH or a local health department is providing treatment, services, or care for the child, in coordination with DJS. The entities must keep confidential any court records obtained in accordance with applicable laws and policies.

Witnesses – Body Attachments

According to Maryland Rule 4-267, which governs criminal cases, but is not applicable to juvenile cases, the court may order the issuance of a body attachment of a witness and require the

witness to post a bond in an amount fixed by the court to ensure attendance if the court is satisfied that (1) the testimony of the witness is material in a criminal proceeding and (2) it may become impracticable to secure the witness' attendance by subpoena. A sheriff or peace officer must execute the body attachment by taking the witness into custody and before a judicial officer in the county where the action is pending or where the witness is taken into custody to post bond. A witness who is unable to post bond is committed to jail; within three days after a witness is taken into custody, the court must hold a hearing, as specified. *Chapter 783 of 2018* authorized the juvenile court to issue a body attachment for witnesses in accordance with Maryland Rule 4-267 if the witness is at least age 18 and the case was transferred to the court under reverse waiver provisions.

Juvenile Programs and Services

Services and Programs for Females

According to DJS, females account for approximately 25% of the intakes received by DJS each year and female youth generally represent less than 20% of its committed population. *Chapters 653 and 654 of 2017* required DJS to serve children in the juvenile services system with programming that provides females with a range and quality of services and programs to meet their specific needs, including (1) diversion programs; (2) community detention services and programs; and (3) reentry services and programs. The Acts also required the State Advisory Board for Juvenile Services to consult with and advise the Secretary of Juvenile Services on the treatment and programming needs of females in the juvenile justice system. DJS was required to submit an interim report by December 31, 2017, and a final report by December 31, 2018, to the Governor and the General Assembly on the implementation of the requirements specified above.

Informal Adjustment – Mental Health Program

After specified statutory requirements have been satisfied, a DJS intake officer may deny authorization to file a petition or peace order request in the juvenile court or authorize the filing of a petition or peace order request. An intake officer may also propose an informal adjustment if, based on the complaint and the inquiry, the officer concludes that a juvenile court has jurisdiction but that an informal adjustment, rather than judicial action, is in the best interests of the public and the child. During this term, approximately 16% of the complaints received by DJS each year were handled as an informal adjustment.

Under prior law, the informal adjustment process could not exceed 90 days unless the time was extended by the court, or the intake officer determined that additional time was necessary for the child to complete a substance abuse treatment program that was part of the informal adjustment process. *Chapter 194 of 2017* authorized a juvenile informal adjustment process to exceed 90 days without prior court approval if the intake officer determines that additional time is necessary for

the child to participate in (rather than complete) substance-related disorder treatment or a mental health program as part of the informal adjustment process.

Truancy

Any person with legal custody or care and control of a child who is older than age 5 and younger than 18 who fails to see that the child attends school or receives educational instruction is guilty of a misdemeanor and on conviction is subject to specified fines or imprisonment. In counties in which the circuit administrative judge has established a Truancy Reduction Pilot Program (Dorchester, Harford, Kent, Prince George's, Somerset, Talbot, Wicomico, and Worcester counties), statutory provisions provide an affirmative defense to the criminal charge if the person with legal custody or care and control of the child at the time of the alleged violation made reasonable and substantial efforts to see that the child attended school as required by law but was unable to cause the child to attend school. On a finding that the affirmative defense is valid, the court must dismiss the charge.

Chapters 706 and 707 of 2018 expanded statewide the application of this affirmative defense. The Acts also altered the age of a child, from under age 18 to under age 16, for purposes of the application of the criminal charge specified above. Additionally, the Acts reduced the maximum incarceration penalties (from 10 days to 3 days for a first offense and from 30 days to 5 days for a second or subsequent offense) and authorized a court to impose community service for a conviction against a parent relating to truancy.

Public Safety

Comprehensive Measures

In response to national trends reexamining the criminal justice system, during the 2015-2018 term the General Assembly enacted several comprehensive pieces of legislation to implement a statewide framework of sentencing and corrections policies aimed at further reducing the State's incarcerated population, reducing spending on corrections, and reinvesting in strategies to increase public safety and reduce recidivism.

Justice Reinvestment Act

Chapter 42 of 2015 established the Justice Reinvestment Coordinating Council (JRCC) in the Governor's Office of Crime Control and Prevention (GOCCP). Based on its findings, the council developed a comprehensive set of recommendations that were intended to focus prison resources on serious and violent offenders, strengthen community supervision efforts, improve and enhance release and reentry practices, support local corrections systems, and ensure oversight and accountability. *Chapter 515 of 2016*, the Justice Reinvestment Act, implemented many of the recommendations of the JRCC by altering provisions relating to sentencing, corrections, parole, and the supervision of offenders.

Sentencing

Penalties: *Chapter 515* altered a number of criminal penalties, made several changes to the criminal gang statutes, and established an Addiction Treatment Divestiture Fund within the Maryland Department of Health (MDH). For a more detailed discussion of criminal penalties altered by *Chapter 515*, see subpart “Criminal Law” within this Part E of this *Major Issues Review*.

Drug Treatment: *Chapter 515* authorized the court, before imposing a sentence for a violation of laws prohibiting the possession of a controlled dangerous substance (CDS) or 10 grams or more of marijuana, to order MDH, or a certified and licensed designee, to conduct an assessment of the defendant for a substance use disorder and determine whether the defendant is in need of, and may benefit from, drug treatment. *Chapter 515* also required treatment that is recommended following a specified court ordered assessment to be immediately available and immediately provided following a court order committing the defendant to substance abuse treatment as an alternative to incarceration.

Parole and Probation Supervision

Validated Screening Tool and Risk and Needs Assessment: *Chapter 515* required the Division of Parole and Probation (DPP) within the Department of Public Safety and Correctional Services (DPSCS) to administer a validated screening tool on each individual on parole or mandatory supervision and conduct a risk and needs assessment and develop an individualized case plan for each individual who has been screened as moderate or high risk to reoffend. DPP must supervise the individual based on the results of the validated screening tool or the assessment.

Graduated Sanctions for Violations of Parole and Probation: *Chapter 515* required DPSCS to establish a program to implement the use of graduated sanctions in response to technical violations of conditions of supervision and to adopt policies and procedures to implement the program and ensure that specified due process protections and supervisory guidelines were in place. Under *Chapter 515*, DPP must provide notice to the court and to the Maryland Parole Commission (MPC) regarding a technical violation and any graduated sanctions imposed as a result. The court and MPC may impose sentences up to a specified maximum for a revocation due to a technical violation but may depart from the limits if adhering to the limits would create a risk to public safety or to a victim or witness or if the court commits the probationer or defendant to MDH under § 8-507 of the Health-General Article for substance abuse treatment.

Earned Compliance Credits Program: *Chapter 515* required DPP to place specified individuals who are on probation, parole, or mandatory supervision on abatement when a combination of time served on probation, parole, or mandatory supervision and earned compliance credits satisfy the specified individual’s active term of supervision. The definition of “supervised individual” for the purpose of eligibility for earned compliance credits was expanded to include individuals convicted of specified CDS offenses. Twenty-five percent of the savings realized by DPSCS as a result of the application of earned compliance credits must revert to the department, and the remaining is allocated to the Performance Incentive Grant Fund.

Certificate of Rehabilitation: *Chapter 515* required DPSCS to issue a certificate of rehabilitation to individuals who are convicted of a specified offense, were supervised by DPP under specified conditions, have completed conditions of supervision, and are no longer under the jurisdiction of DPP. A licensing board is prohibited from denying an occupational license or certificate to an applicant who has been issued a certificate of rehabilitation solely on the basis that the applicant has been convicted of the crime that is the subject of the certificate.

Prison and Reentry

Risk and Needs Assessment: Under *Chapter 515*, the Division of Correction (DOC) is required to conduct a risk and needs assessment of an inmate as soon as feasible after the individual is sentenced to DOC. Based on the assessment, DOC must develop a case plan to guide an inmate's rehabilitation while in DOC custody.

Diminution Credits: Diminution credits represent days deducted from an inmate's "term of confinement," which is defined as (1) the length of the sentence, for a single sentence, or (2) the period from the first day of the sentence that begins first through the last day of the sentence that ends last, for concurrent sentences, partially concurrent sentences, consecutive sentences, or a combination of concurrent and consecutive sentences. Diminution credits are awarded for good conduct, work tasks, education, and special projects or programs. *Chapter 515* prospectively increased the total possible deduction for diminution credits for an individual who is serving a sentence in a State correctional facility in connection with specified crimes.

Administrative Release: *Chapter 515* created an "administrative release" process for an eligible inmate who has served one-fourth of the inmate's sentence and met established specifications.

Restitution: *Chapter 515* required 25% of an inmate's earnings to be withheld for compensation for victims of crime.

Geriatric Parole and Medical Parole: *Chapter 515* altered the standards under which an inmate can be granted geriatric parole or medical parole.

Expungement

Chapter 515 allowed for the expungement of convictions for specified misdemeanors after 10 years, or 15 years in the case of second-degree assault and domestically related crimes, if the person has no subsequent convictions and the court finds that the person is not a risk to public safety and that expungement is in the interest of justice. For a more detailed discussion of the expungement provisions in *Chapter 515*, see subpart "Criminal Procedure" within this part of this *Major Issues Review*.

Reinvestment Board and Commission

Chapter 515 established the Justice Reinvestment Oversight Board to oversee the implementation of and compliance with the recommendations of JRCC among other duties. The

legislation also established the Local Government Justice Reinvestment Commission to advise the Justice Reinvestment Oversight Board on matters related to legislation, regulations, rules, budgetary changes, and all other actions needed to implement the recommendations of JRCC as they relate to local governments. In connection with the board and commission, the legislation established the Performance Incentive Grant Fund to make use of the savings from the implementation of the recommendations of JRCC.

Funding

Chapter 515 established the intent of the General Assembly that the Governor provide funding annually in the State budget for (1) MDH to expand the use of drug treatment; (2) MDH and DPSCS to establish a process to expand the enrollment of incarcerated individuals in Medicaid on release; (3) DOC and DPP to expand treatment and programming for substance abuse treatment, mental health treatment, cognitive behavioral programming, and other evidence-based interventions for offenders; and (4) the State unit responsible for the improvement of the collection of restitution.

2018 Comprehensive Measures

During the 2018 session, the General Assembly considered two additional comprehensive pieces of legislation relating to criminal law and public safety. *Chapter 143* altered multiple provisions of law relating to expungement; substance abuse evaluation of, and treatment for, inmates; firearms crimes; and crimes of violence.

Possession of Firearm by a Person Convicted of a Crime

A person is prohibited from possessing a regulated firearm, a rifle, or a shotgun if the person was previously convicted of a crime of violence; a violation of specified CDS laws; or an offense under the laws of another state of the United States that would constitute one of these crimes if committed in this State. *Chapter 143* expanded the list of crimes for which a conviction would bar possession of a regulated firearm to include possessing, using, wearing, carrying, or transporting a firearm during and in relation to certain drug trafficking offenses and possessing, owning, carrying, or transporting a firearm if the person has previously been convicted of certain offenses.

Substance Abuse Treatment for Inmates

Chapter 143 prohibited a person serving a sentence for a crime of violence from being evaluated for or committed to substance abuse treatment with MDH until the person is eligible for parole, but authorized the person to still participate in any other treatment program or receive treatment under the supervision of DPSCS. *Chapter 143* clarified that an individual convicted of possession of a regulated firearm in violation of § 5-133 of the Public Safety Article is not prohibited from participating in a drug treatment program with MDH due to the length of the individual's sentence.

For a further discussion of *Chapter 143*, see the subparts “Criminal Law” and “Criminal Procedure” within this Part E of this *Major Issues Review*.

Chapter 145 of 2018 established and altered provisions of law relating to inmate intake, evaluation, and rehabilitation; the interception of oral, wire, or electronic communications (wiretapping); CDS; drug paraphernalia; witness intimidation; and criminal gangs.

Interception of Communications

The wiretapping and electronic surveillance statutes (1) prohibit specified interceptions of communications and (2) establish exceptions to general prohibitions on interceptions of communications and procedures for interception of communications by law enforcement. *Chapter 145* expanded the list of crimes for which a court may grant an order and evidence may be gathered during a criminal investigation through the interception of oral, wire, or electronic communications to include crimes relating to restrictions on the sale, rental, or transfer of regulated firearms and straw purchases.

Corrections

Diminution Credits: Chapter 145 added life skills training and antiviolence therapy to the educational programs for which an inmate in the custody of DOC may earn diminution credits.

Assessment Following Sentencing: Chapter 145 required DOC to (1) conduct, for each inmate, as soon as feasible after the individual is sentenced to the jurisdiction of DOC, an educational, vocational, and job history interview and include the educational, vocational, and job history of the inmate and (2) include the results of the interview in the case record for the inmate.

For a further discussion of *Chapter 145*, see the subpart “Criminal Law” within this part of this *Major Issues Review*.

Violence Prevention Initiatives

Statewide

Chapter 148 of 2018 established the Maryland Violence Intervention and Prevention Program Fund and the Maryland Violence Intervention and Prevention Advisory Council within GOCCP. Money from the fund is distributed by the council through competitive grants to local governments and nonprofit organizations and used to support and evaluate violence reduction strategies. The Governor is authorized to annually appropriate up to \$10 million to the fund. For fiscal 2020 through 2023, *Chapter 148* requires the Governor to appropriate a total of approximately \$2.3 million each year in the annual State budget for grants to several organizations and agencies. The Executive Director of GOCCP must establish outcome-based performance measures related to the miscellaneous grant programs.

Baltimore City

Before December 2017, the Baltimore City Health Department provided funding to community-based organizations to implement the Safe Streets model in identified target neighborhoods. Safe Streets delivers a unified message that violence is no longer acceptable through programs that use a street outreach component to connect with high-risk youth and young adults during evenings and weekends. *Chapter 147 of 2018* required the Governor to appropriate \$3.6 million each year in the annual State budget to be used only to provide grants to community-based organizations to operate Safe Streets Initiatives in Baltimore City.

Law Enforcement

Public Safety and Policing Workgroup Recommendations

Chapter 519 of 2016 generally implemented the recommendations of the Public Safety and Policing Workgroup.

Maryland Police Training and Standards Commission: *Chapter 519* reconstituted and renamed the Police Training Commission as an independent Maryland Police Training and Standards Commission (MPTSC) within DPSCS and made changes to the membership, terms, appointment of a chair, and duties of the commission. In addition, the requirements for certification as a police officer were expanded to include the submission to a psychological evaluation by a psychologist approved by MPTSC.

Law Enforcement Officers Bill of Rights: *Chapter 519* made a number of changes to the complaint process, administrative procedure, and make up of a hearing board under the Law Enforcement Officers Bill of Rights (LEOBR). The legislation also established certain whistleblower protections for an officer who reports information relating to gross mismanagement, a gross waste of government resources, a substantial and specific danger to public health, or a violation of law committed by another officer.

Administrative Hearing Boards: For an administrative hearing board, *Chapter 519* authorized the chief to appoint, in addition to the three voting members, a member of the public who has received training from MPTSC on LEOBR and matters relating to police procedures, as a nonvoting member of the board. A local jurisdiction may, by local law, authorize a chief to appoint up to two voting or nonvoting members to the board. A hearing board that has been formed by an alternative method negotiated by a law enforcement agency through collective bargaining may also include up to two voting or nonvoting members of the public. *Chapter 519* also required that a hearing conducted by an administrative hearing board be open to the public, unless the chief determines and provides notice that the hearing should be closed for good cause.

Requirements for Law Enforcement Agencies: *Chapter 519* required each law enforcement agency to (1) require an incident report to be filed by a law enforcement officer who was involved in a use-of-force incident in the line of duty by the end of the shift unless the officer is disabled; (2) annually report specified information to MPTSC relating to serious officer-involved incidents; (3) make all official law enforcement policies, including public

complaint procedures and collective bargaining agreements, available online for each law enforcement agency, except for specified exceptions; and (4) establish a confidential and nonpunitive early intervention policy for counseling officers regarding citizen complaints. Additionally, the legislation required local law enforcement agencies to adopt a community policing program.

Community Program Fund: Chapter 519 established a Community Program Fund as a special, nonlapsing fund administered by the Executive Director of GOCCP to assist in the establishment of community programs by law enforcement agencies and violence intervention programs.

Income Tax Subtraction Modification: Chapter 519 created an income tax subtraction modification for a law enforcement officer who resides in the political subdivision in which the officer is employed, if the crime rate in the political subdivision exceeds the State's crime rate.

Maryland Police Training and Standards Commission

MPTSC operates approved police training schools and prescribes standards for, and certifies schools that offer, police and security training. In consultation with various entities, it also sets minimum qualifications for instructors and certifies qualified instructors for approved training schools.

Policies, Standards, and Training: Between 2015 and 2018, several chapters enacted affected the policies, standards, and training requirements of MPTSC. **Chapters 128 and 129 of 2015** required MPTSC to develop and publish online a policy regarding the use of body-worn cameras by law enforcement officers and made it lawful for a law enforcement officer to intercept an oral communication with a "body-worn digital recording device" or an "electronic control device" under specified circumstances. **Chapter 671 of 2018** required MPTSC to develop standards for the mandatory psychological consultation with, instead of evaluation of, a law enforcement officer who was actively involved in an incident when another person was seriously injured or killed as a result of an accident or shooting or has returned from combat deployment.

Chapter 542 of 2016 required MPTSC to require a statement condemning motorcycle profiling to be included in existing written policies regarding other profiling and required the curriculum and minimum courses of study for entrance-level police training and in-service level training conducted by the State and each county and municipal training school to include training consistent with established law enforcement standards, and federal and State constitutional provisions, related to motorcycle profiling. **Chapters 644 and 645 of 2017** required MPTSC to include special training, attention to, and study of the application and enforcement of the criminal laws concerning human trafficking, including services and support available to victims and the rights and appropriate treatment of victims in the curriculum and minimum course of study. **Chapters 802 and 803 of 2017** required MPTSC to consult and cooperate with commanders of "SWAT teams" to develop standards for training and deployment of SWAT teams and of law enforcement officers who are not members of a SWAT team who conduct no-knock warrant service in the State based on best practices in the State and nationwide.

Race-based Traffic Stops: Chapter 127 of 2015 temporarily reinstated the provisions of Chapter 173 of 2011 that abrogated in 2014, restoring the data collection and reporting program related to race-based traffic stops for a five-year period. The Maryland Statistical Analysis Center (MSAC) was charged with analyzing the data based on a methodology developed in consultation with MPTSC. MSAC must issue a report each year to the Governor and the General Assembly as well as to each law enforcement agency. Reports of noncompliance by law enforcement agencies are required to be made by MPTSC and MSAC to the Governor and the Legislative Policy Committee. The legislation terminates May 31, 2020.

Maryland Police Training and Standards Commission Fund: Chapter 758 of 2018 established the Maryland Police Training and Standards Fund, administered by DPSCS, to provide funding for activities and training by MPTSC in accordance with the State budget.

Deaths Involving Law Enforcement Officer

The federal Death in Custody Reporting Act of 2013 requires each state that receives funds through the Edward Byrne Memorial State and Local Law Enforcement Assistance programs, the Local Law Enforcement Block Grants Program, or the Edward Byrne Memorial Justice Assistance Grant Program to report information regarding individuals who die in the custody of law enforcement. ***Chapter 134 of 2015*** required each local law enforcement agency annually to provide GOCCP with certain information for the previous calendar year about each “officer-involved death” and “death in the line of duty” that involved a law enforcement officer employed by the agency.

Internet Crimes Against Children

The Computer Crimes Unit within the Department of State Police (DSP) operates and administers the Maryland Internet Crimes Against Children (ICAC) Task Force, a federally funded project designed to respond to and investigate complaints of online sexual child exploitation. GOCCP is required to establish and sustain child advocacy centers in the State to address the special needs of sexual assault victims. ***Chapter 516 of 2016*** established the ICAC Task Force Fund administered by the Executive Director of GOCCP to provide grants to local law enforcement agencies for salaries, training, and equipment to be used for the investigation and prosecution of Internet crimes against children.

State Police Authority

Generally throughout the State, DSP has the same powers, privileges, immunities, and defenses as sheriffs, constables, police officers, and other peace officers possessed at common law and may exercise within their respective jurisdictions. However, DSP may not act within the limits of a municipal corporation (including Baltimore City) that maintains a police force except under certain circumstances. ***Chapter 610 of 2016*** expanded the list of crimes for which members of DSP have authority to investigate and enforce within a municipal corporation.

Eyewitness Identification Policies

Chapter 8 of 2017 repealed a requirement that each law enforcement agency in the State file a copy of the agency's written policy relating to eyewitness identification with DSP. The Act also repealed the requirement that DSP compile the written policies and allow public inspection of each policy. Law enforcement agencies must still post all official policies regarding eyewitness identification on the website of MPTSC and, if the agency maintains a website, on the agency's own website.

Baltimore City Police Department

Reporting on Community Policing: Chapter 133 of 2015 required the Police Commissioner of Baltimore City, annually to report information concerning the Baltimore Police Department to the Mayor and City Council of Baltimore and the members of the Baltimore City Delegation to the General Assembly, including information regarding the demographics of police officers within the department, recruiting events, use of force, civilian complaints, officer suspensions, and community involvement.

Gun Trace Task Force: The Gun Trace Task Force, created in 2007 as an elite unit within the Baltimore Police Department (BPD), was created with the intention that it would pursue violent criminals and persons illegally possessing and using guns. In 2017, eight of the nine members of the task force were charged with crimes. All eight members who were indicted either pled guilty or were convicted of several federal charges. *Chapter 753 of 2018* established the Commission to Restore Trust in Policing staffed by the Department of Legislative Services (DLS). The commission is required to review the operation of the BPD Gun Trace Task Force and make recommendations. In addition, *Chapter 753* required the Joint Audit Committee to review BPD's audit reports issued by the Baltimore City Comptroller and submit findings and recommendations to the General Assembly with respect to issues in the audit reports. The committee is also required to review the audit process and procedures and provide comment and recommendations to the President of the Senate, the Speaker of the House, the Executive Director of DLS, and the legislative auditor.

Behavioral Health Units – Baltimore City and Baltimore County Police Departments

In an effort to improve the response to emergency calls involving an individual suspected of having a mental health, substance use, or co-occurring mental health and substance use disorder, *Chapter 126 of 2015* required BPD and the Baltimore County Police Department to each establish a behavioral health unit, to the extent practicable. The police departments of Baltimore City and Baltimore County were also required to report to the General Assembly on or before October 1, 2018, on the number of emergency calls that their behavioral health units responded to from 2016 to 2018, and the disposition of those calls. The requirements of the legislation terminate on June 30, 2019.

Sexual Assault Evidence Collection Kits

In response to reports on chronic backlogs of sexual assault evidence collection kit testing around the nation, during the 2015-2018 term the General Assembly considered legislation seeking to address the backlog of kits in the State and sought to offer victims of sexual assault greater access to evidence.

Test Results – Victims Right to Know

Chapter 244 of 2015 required a health care provider that performs a sexual assault evidence collection kit exam on a victim of sexual assault to provide the victim with contact information for the investigating law enforcement agency to which the kit is sent. Within 30 days after a request by a victim, an investigating law enforcement agency that receives a sexual assault evidence collection kit must provide the victim with information about the status of the kit analysis and all available results of the kit analysis except results that would impede or compromise an ongoing investigation.

Statewide Accounting of Kits

Chapter 37 of 2015 required a law enforcement agency or other State or local agency charged with the maintenance, storage, and preservation of sexual assault collection kit evidence, to conduct an inventory of all kits that were stored by the agency and submit a written report to the Office of the Attorney General (OAG) containing the number of untested kits in the possession of the agency, and the date the kit evidence was collected. OAG was required to submit a statewide report to the General Assembly, which it did on January 1, 2017.

Statewide Tracking System

Chapter 659 of 2017 required the Attorney General, in consultation with the Maryland Sexual Assault and Evidence Kit Policy and Funding Committee, to adopt regulations based on the committee's recommendations to provide for the collection, testing, and retention of sexual assault evidence collection kits in the State.

Chapter 429 of 2018 required the committee to develop recommendations regarding creating and operating a statewide sexual assault evidence collection kit tracking system that is accessible to victims of sexual assault and law enforcement. The committee must submit an application for grant funding to support the implementation of the committee's recommendations to the federal government.

Firearms

Gun control has long been a subject of interest to Maryland legislators and following numerous deadly mass shootings around the nation, including a shooting at Great Mills High School in St. Mary's County that resulted in the death of 16-year-old Jaelynn Willey, it commanded wide attention during the 2015-2018 term.

Shell Casings and Ballistics Imaging

Chapter 379 of 2015 repealed requirements for (1) handgun manufacturers to provide to handgun dealers shell casings of projectiles discharged from handguns and other specified additional information; (2) handgun dealers to forward shell casings and other specified information to the DSP Crime Laboratory; and (3) DSP to enter specified information in a database.

Mandatory Transfer or Surrender

A person may not possess a regulated firearm, a rifle, or a shotgun if the person has been convicted of a disqualifying crime. A “domestically related crime” is a crime committed by a defendant against a person who is protected by a protective order issued under Title 4, Subtitle 5 of the Family Law Article or a person who had a sexual relationship with the defendant within 12 months before the commission of the crime. *Chapters 804 and 805 of 2017* altered the definition of convicted of a disqualifying crime to include a case in which a person received a probation before judgement for assault in the second degree if the crime was a domestically related crime.

Chapter 251 of 2018 required the State’s Attorney to provide notice relating to prohibitions on possession of a firearm to a defendant, defendant’s counsel, and the court if the defendant is charged with a disqualifying crime and the facts support a finding that the crime was a domestically related crime. On conviction or a plea of guilty, a court must order the defendant to transfer, either personally or through a representative, all regulated firearms, rifles, and shotguns owned by or in the possession of the defendant to a State or local law enforcement agency or a federally licensed firearms dealer. *Chapter 251* authorized the court to issue a search warrant for the removal of any regulated firearms, rifles, or shotguns owned or possessed by the person on application by the State’s Attorney or a law enforcement official based on probable cause to believe that the defendant has failed to surrender one or more regulated firearms, rifles, or shotguns. MPTSC is required to consult with the Maryland State’s Attorneys’ Association to develop standardized training, certification, and procedures for investigating compliance with a court order to surrender a regulated firearm.

An individual who is involved in a familial, intimate, or household relationship with another person and experiences abuse may seek relief from that abuse by filing a petition for a domestic violence protective order. A protective order issued on a temporary basis may require a respondent to refrain from possession of firearms under specified circumstances. A final protective order must require the respondent to surrender to law enforcement authorities any firearm in the respondent’s possession and to refrain from possession of any firearm for the duration of the order. *Chapter 250 of 2018* established an “extreme risk protective order” and sets forth a process by which certain mental health professionals, law enforcement officers, and family or household members of a respondent may seek an interim, temporary, or final court order to prevent a respondent from possessing or purchasing a firearm or ammunition for a limited period of time, based on a determination that the respondent poses a danger of causing self-injury or injury to others by possessing a firearm or ammunition.

Handgun Qualification License

Before a person can purchase, rent, or receive a regulated firearm, the person must possess a handgun qualification license (HQL). *Chapters 189 and 192 of 2017* required that a firearm application contain an applicant's HQL number instead of a copy of the HQL, as previously required. The legislation also clarified that the requirement does not apply if the applicant is not required to obtain an HQL.

Permit to Carry, Wear, or Transport a Handgun

Generally, a person may only carry, wear, or transport a handgun if the person possesses a permit issued by the Secretary of State Police.

Applications and Renewals: During the 2015-2018 term, the General Assembly made several changes to the requirements to obtain or renew a permit to carry, wear, or transport a handgun. *Chapter 404 of 2015* authorized the Secretary of State Police to accept a criminal background investigation performed on behalf of an armored car company in place of the State and national criminal history records check performed by the Criminal Justice Information System for a handgun permit application for an employee of the company under specified circumstances. *Chapter 618 of 2016* specified that a person who applies for a renewal of a permit to carry, wear, or transport a handgun is not required to be fingerprinted unless the Secretary of State Police requires a set of the person's fingerprints to resolve a question of the person's identity. The Secretary of State Police is responsible for the licensing of private detective agencies and security guard agencies and the certification of individuals who provide private detective services or act as security guards in the State. *Chapters 190 and 191 of 2017* allowed for the alignment of the terms for permits to carry, wear, or transport a handgun with the terms of a license, certification, or commission to be a security guard, a private detective, or a special police officer.

Retired Law Enforcement Officer on School Grounds: *Chapter 404 of 2015* added retired law enforcement officers in good standing to the list of exemptions from the prohibition against carrying or possessing a deadly weapon on public school property. *Chapter 404* specified that an officer or retired officer covered under the exemption must be authorized to carry a concealed handgun in the State.

Retired Law Enforcement Officer Identification Card: The federal Law Enforcement Officers Safety Act, enacted in 2004 and amended in 2010 and 2013, allows federal, state, and local police retirees to carry firearms with their issued retiree identification cards and with certification that they successfully completed annual firearms training at their own cost. The retirees may carry the firearms anywhere in the United States. *Chapter 184 of 2015* required a law enforcement agency to provide a retiring law enforcement officer with an identification card after the officer's retirement from the agency if the officer (1) has retired in good standing as a law enforcement officer for reasons other than mental instability and meets other specified requirements and (2) pays the fee set by the issuing agency.

Review of Decision of Handgun Permit Review Board: A person whose application for a permit to wear, carry, or transport a handgun, or a renewal of such a permit, has not been acted

on by the Secretary of State Police within 90 days or has been rejected, or whose permit has been revoked or limited by the Secretary, may request the Handgun Review Board to review the decision of the Secretary. *Chapter 253 of 2018* authorized the applicant, license holder, or Secretary to appeal a decision by the Handgun Permit Review Board to the Office of Administrative Hearings (OAH) and required OAH to schedule a *de novo* review of the board's decision. A party may appeal a decision of OAH to a circuit court. The legislation also required the board to report to the Governor and the General Assembly on appeals and made the board subject to the Open Meetings Act.

Further discussion of firearms may be found under the subpart "Criminal Law" in this part of this *Major Issues Review*.

Corrections

Polygraph Examination for Appointment as Correctional Officer

Chapter 407 of 2015 required the Secretary of Public Safety and Correctional Services to require an applicant for a position as a State correctional officer to pass a polygraph examination before being appointed to the position.

Correctional Training Commission

Chapters 554 and 555 of 2016 authorized the Correctional Training Commission to revoke the certification of a Department of Juvenile Services (DJS) employee in conjunction with disciplinary action taken under Title 11 of the State Personnel and Pensions Article. OAH may reinstate the certification of a DJS employee with no further examination or condition if OAH rescinds or modifies the disciplinary action against the employee. In addition, the legislation authorized a court reviewing a decision, order, or action against a correctional officer under the Correctional Officer's Bill of Rights to reinstate the correctional officer's certification with no further examination or condition.

Restrictive Housing

Chapters 596 and 597 of 2016 required DPSCS to submit annually specified information relating to inmates in restrictive housing to GOCCP and the General Assembly. GOCCP must make the information available on its website. "Restrictive housing" means a form of physical separation in which the inmate is placed in a locked room or cell for approximately 22 hours or more out of a 24-hour period, including administrative segregation and disciplinary segregation.

Security and Staffing Report

Chapter 829 of 2017 required the Commissioner of Correction to submit, in every odd-numbered year, a security and staffing report covering the prior two-year period to the Secretary of Public Safety and Correctional Services, the Governor, and the General Assembly.

Education and Job Training for Inmates

Chapter 687 of 2017 required, in accordance with funding recommendations of the Justice Reinvestment Oversight Board, a postsecondary education and workforce training program to provide inmates with the requisite training, certifications, and experience to obtain careers in in-demand job sectors. The legislation authorized the Justice Reinvestment Oversight Board to recommend that a portion of specified remaining savings associated with a prison population decline be used for the development and implementation of this postsecondary education and workforce training program.

Feminine Hygiene Products

Chapters 254 and 255 of 2018 required the managing official of a correctional facility in DOC or a local correctional facility and the director of the Patuxent Institution to have a written policy and procedure in place requiring menstrual hygiene products to be provided at no cost to a female inmate and to maintain records on the provision and availability of menstrual hygiene products to inmates. Under *Chapters 254 and 255*, the Maryland Commission on Correctional Standards (MCCS) must establish standards regarding the proper disposal of menstrual hygiene products and review the policy and records of each correctional facility and the Patuxent Institution relating to menstrual hygiene products during regular inspections.

Medical Treatment for Pregnant Inmates

Chapters 827 and 828 of 2018 required each State and local correctional facility to have a written policy in place regarding the medical care of pregnant inmates and to provide the required written policy to an inmate at the time of a positive pregnancy test result. MCCS must review each correctional facility's policy during regular inspections.

Missing Persons

A law enforcement agency may not establish a mandatory waiting period before taking a missing person report and is required to accept immediately a report of a missing person provided in person. *Chapter 502 of 2018* required a law enforcement agency to enter all necessary and available information with regard to a missing person into the National Crime Information Center computer network within two hours after receipt of the minimum information necessary to make the entry. In addition, DSP must place a direct link to the Internet site of the Maryland Center for Missing and Unidentified Persons on the home page of DSP's website.

Buildings – Safety Standards and Practices

Building Performance Standards

Chapter 239 of 2015 authorized the Department of Housing and Community Development (DHCD) to adopt modifications to the Maryland Building Performance Standards (MBPS) that allow any innovative approach, design, equipment, or method of construction that can be demonstrated to offer performance that is at least the equivalent to the requirements of the

International Energy Conservation Code, Chapter 13, “Energy Efficiency,” of the International Building Code; or Chapter 11, “Energy Efficiency,” of the International Residential Code. **Chapter 83 of 2016** extended the period of time, from 12 to 18 months, within which DHCD must adopt, by regulation, each subsequent version of the MBPS after it is issued. **Chapter 83** also extended the period of time, from 6 to 12 months, within which each local jurisdiction must implement and enforce any modification to the MBPS after it is adopted by the State.

Smoke and Carbon Monoxide Alarms

The requirements surrounding smoke alarms and carbon monoxide alarms received some attention during the 2015-2018 term. **Chapter 151 of 2015** required a hotel or a lodging or rooming house to have a carbon monoxide alarm installed on a wall in specified rooms. **Chapters 174 and 175 of 2016** required a rental dwelling unit to have a carbon monoxide alarm installed outside and in the immediate vicinity of each separate sleeping area and on every level of the unit, including the basement. Under **Chapter 484 of 2018**, subject to certain exceptions, a person may not sell a battery-operated smoke alarm in the State for use in sleeping areas of residential occupancies unless the smoke alarm is a sealed, tamper resistant unit incorporating a silence/hush button and using one or more long-life batteries, defined as a nonrechargeable, nonreplaceable primary battery that is capable of operating a smoke alarm for 10 years or more in the normal condition. A violator is subject to a fine not exceeding \$1,000.

Elevators

Elevators in the State must be inspected, tested, and maintained in a safe operating condition in accordance with the State Safety Code and regulations adopted by the Commissioner of Labor and Industry. Inspections are required for new elevators and after any modifications to existing elevators and, generally, operational elevators must undergo periodic annual inspections and more comprehensive five-year inspections. **Chapter 337 of 2018** required, through a phase in, that third-party qualified elevator inspectors conduct all annual and five-year elevator inspections in both privately and publicly owned buildings. Under the legislation, a third-party inspector also is required to be physically present to “witness” a test performed by a licensed elevator mechanic on elevator units during an inspection and the Department of Labor, Licensing, and Regulation (DLLR) is required to submit a related report to specified committees of the General Assembly by January 1, 2020. DLLR must also establish and administer an apprenticeship program for third-party elevator inspectors.

Miscellaneous

9-1-1 System

Multiple Line Telephone Direct Access to 9-1-1 System: **Chapter 116 of 2015**, “Kari’s Law,” required that a person that installs or operates a “multiple line telephone system” ensure that the system is connected to the public switched telephone network in such a way that when an individual using the system dials 9-1-1, the call connects to the public safety answering point without requiring the user to dial any other number or set of numbers. Under **Chapter 116**,

Executive Branch units of State government are exempt from compliance until the date of the next upgrade of the unit's multiple line telephone system.

Next Generation 9-1-1 Commission: Chapter 730 of 1979 established a statewide 9-1-1 system and the Emergency Number Systems Board (ENSB) to oversee the new system. The original 9-1-1 model is based on a landline phone system, however, 70% of 9-1-1 calls are now made from cell phones, and an increasing number are made via Voice over Internet Protocol networks. **Chapters 301 and 302 of 2018** established the Commission to Advance Next Generation 9-1-1 Across Maryland to study and make recommendations regarding issues related to next generation 9-1-1 emergency communication services. ENSB is authorized to contract with a third party to provide staff for the commission. A jurisdiction may implement next generation 9-1-1 services before the commission has submitted its final report.

Special Police Officers

The Governor may appoint and deputize an individual as a special police officer. A special police officer commission carries with it arrest powers, but the scope of each commission is limited to the property cited in the commission. **Chapter 298 of 2015** made several changes to provisions relating to the appointment of special police officers in the State, including procedures for the suspension or termination of a special police officer commission. Additionally, the legislation made changes to provisions governing the qualifications and appointment processes for special police officers.

Military Department

Trial by summary court-martial provides a procedure for resolution of charges of relatively minor misconduct committed by enlisted members of the military. A conviction by a summary court-martial may not constitute a conviction for the purpose of any disqualification or disability imposed by law because of conviction of a crime. **Chapter 47 of 2016** authorized a summary court-martial to impose a sentence of confinement for a period not to exceed 30 days for service members of all ranks.

Emergency Medical Services Board

The Emergency Medical Services (EMS) Board is tasked with developing, adopting, and monitoring a statewide plan to ensure effective coordination and evaluation of emergency medical services. **Chapters 203 and 204 of 2018** repealed the prohibition against the appointment of a member of the Board of Regents of the University System of Maryland, a member of the Board of Directors of the Medical System Corporation, or an officer or full-time employee of University of Maryland Medical System or the University of Maryland, Baltimore Campus to the State EMS Board by the Governor. The Governor is prohibited from appointing more than two people to the board who represent the same health system, a health system and a medical school that are affiliated, or medical schools under the same governing board.

Part F

Courts and Civil Proceedings

Judges and Court Administration

Additional Judgeships

At the suggestion of the Legislative Policy Committee, in January 1979, the Chief Judge of the Court of Appeals began an annual procedure of formally certifying to the General Assembly the need for additional judges in the State. The annual certification is prepared based upon a statistical analysis of the workload of the courts and the comments of the circuit court administrative judges and the Chief Judge of the District Court. Since fiscal 2002, the Judiciary has implemented a weighted caseload methodology to assist in determining judgeship needs. This methodology weights cases to account for the varying degrees of complexity associated with particular case types and the amount of judicial time required to process the workload. Although the weighted caseload methodology consistently supported the need for new judges, the number of judgeships remained constant for a number of years after 2005, with the only exception being four new circuit court judgeships added in 2009.

In fall 2011, the certification of judgeships for fiscal 2013 was submitted. Citing the economic climate, no new judgeships were requested despite having certified a need for an additional 21 circuit court and 19 District Court judges. The 2012 *Joint Chairmen's Report* directed the Judiciary to develop a multi-year plan to request new judgeships so that workloads could be addressed gradually without a significant impact on State expenditures. In fall 2012, the Judiciary submitted this plan along with the fiscal 2014 certification of judgeships. In the new certification, the Judiciary certified a need for 38 trial court judges (21 circuit court judges and 17 District Court judges). The fiscal 2014 certification also certified a need for 4 additional appellate judges for the Court of Special Appeals. Pursuant to the Judiciary's multi-year plan, Chapter 34 of 2013 created 2 new judgeships in the Court of Special Appeals and added 1 additional circuit court judgeship each in Calvert, Carroll, Cecil, Frederick, and Wicomico counties. Chapter 34 also created 1 additional District Court judgeship in Baltimore City and Charles, Montgomery, and Prince George's counties.

The fiscal 2015 certification of judgeships, submitted in the fall of 2013, included an updated analysis of the multi-year plan. Senate Bill 167/House Bill 1200 of 2014 would have generally implemented the Judiciary's plan for the 2014 session. The bills also would have added an additional circuit court judgeship in Anne Arundel County, which was not part of the Judiciary's development plan as outlined in the certification report. However, neither of the bills passed. Legislation was reintroduced in the 2015 session (*Senate Bill 332/House Bill 111*) to add the additional judgeships (absent the judgeship in Anne Arundel County); however, neither of those bills passed.

Chapter 91 of 2016 increased the number of resident judges of the circuit courts by adding one additional judgeship each in Anne Arundel, Charles, Frederick, Harford, and Prince George's counties. It added two judgeships each in Baltimore City and Baltimore and Montgomery counties. The Act also created one additional District Court judgeship in District 5 (Prince George's County) and District 6 (Montgomery County).

Judicial Elections

Judges of the circuit courts are elected at the general election by the qualified voters of the respective county or Baltimore City in which the circuit court sits. This is a contested election, in which any challenger who meets the constitutional requirements may run. Candidates for circuit court judge are typically nominated for the general election by the Democratic and Republican parties in the primary election and will "cross-file," appearing on both the Democratic and Republican primary election ballots, needing to win on only one. In addition to nomination through the primary election, circuit court judges also have the option of being nominated for the general election by a third party or by petition.

Generally, the name of a candidate who is defeated for the nomination for a public office may not appear on the ballot at the next succeeding general election as a candidate for any office. Prior to 2017, candidates for circuit court judge were an exception to that provision. *Chapters 439 and 440 of 2017* prohibited the name of a candidate for the office of judge of the circuit court who is defeated in each contest for the office of circuit court judge in which the candidate appeared on the ballot in the primary election from appearing on the ballot at the succeeding general election as a candidate for any office.

Judicial Compensation

The Judicial Compensation Commission is required to review judicial salaries and make recommendations to the Governor and the General Assembly once every four years. The General Assembly may amend a joint resolution from the commission to decrease, but not increase, any of the commission's salary recommendations. The General Assembly may not reduce a judge's salary below its current level. Failure to adopt or amend the joint resolution within 50 calendar days of its introduction results in adoption of the salaries recommended by the commission. If the General Assembly rejects any or all of the commission's recommendations, the affected judges' salaries remain unchanged, unless modified by other provisions of law. General

State employee salary increases apply to judges only in years in which judges' salaries are not increased in accordance with a resolution from the commission's recommendations.

Salaries for judges were last increased by Joint Resolution 5 in 2012, which phased in a \$14,081 increase for all judges between fiscal 2014 and 2016. Although the commission also met in 2013, it did not recommend salary increases at that time.

The commission met two times in 2017 to consider salary recommendations. The commission finalized its recommendations in December 2017 to increase judicial salaries by \$35,000 over a four-year period. The General Assembly amended this proposal, providing for a more moderate increase to judicial salaries. **Joint Resolution 3 of 2018** increased the salaries of all Maryland judges over a four-year period by \$20,000 (\$5,000 each year). General fund expenditures are projected to increase in fiscal 2019 by \$2.3 million for judicial salaries and fringe benefits.

Court Personnel

Masters and Magistrates

Circuit courts are authorized to employ certain non-judges as necessary to conduct the business of the court. Historically, these individuals were referred to as "masters." These individuals generally have the power to regulate proceedings, including the power to examine witnesses, rule on the admissibility of evidence, administer oaths to witnesses, recommend contempt proceedings, and direct the issuance of subpoenas to compel the attendance of witnesses and the production of documents. Proposed findings, conclusions, recommendations, or orders of these individuals may be adopted by the court, once the parties have had time to file exceptions or otherwise ask for judicial review, as specified.

A rule (Rule 1-501) adopted by the Maryland Court of Appeals that took effect on March 15, 2015, changed the title of a master who hears family law matters to "family magistrate." A family magistrate is an officer of a circuit court who is selected by the judges of that court to hear certain family law and juvenile cases. Before the rule took effect on March 15, 2015, family magistrates were known by several different terms around the State: master in chancery, master, family law master, domestic equity master, juvenile division master, family division master, master-juvenile and domestic relations, domestic relations master, and master for juvenile causes.

Chapter 414 of 2015 altered references to the term "master" to "magistrate" throughout the Maryland Code.

Compensation of Court Personnel

Clerks of the Circuit Court: While the maximum permissible salary for a clerk of the circuit court is set by statute, the Board of Public Works (BPW) determines the annual salary of each clerk based on the relative volume of business and receipts in the clerk's office. **Chapters 809 and 810 of 2018** increased the maximum annual salary that BPW may set for the clerk of each circuit court from \$114,500 to \$124,500, effective at the beginning of the next term of office.

Registers of Wills: Similar to the salaries of clerks of the circuit court, the maximum permissible salary for a register of wills is set by statute, while BPW determines the salary for each register based on specified factors. *Chapters 822 and 823 of 2018* increased the maximum annual salary that BPW may set for a register of wills from \$114,500 to \$124,500, effective at the beginning of the next term of office.

Court Fees

Rules and Exemptions

The clerk of the circuit court for each county, other than Montgomery County, is required to collect a fee for docketing the appearance of counsel. *Chapter 146 of 2015* clarified that if more than one stockholder, partner, member, or employee of an entity engaged in practicing law enters an appearance in an action or case, the clerk of the circuit court may collect only one appearance fee per entity. If more than one employee of a governmental entity that has consented to the assessment of court fees enters an appearance in an action or case, the clerk of the circuit court may assess only one appearance fee per governmental entity.

Chapter 4 of 2015 extended to active-duty members of the U.S. Armed Forces, an exemption from paying fees in order to obtain (1) a copy of any court paper or record if the copy is to be used in connection with a claim against the U.S. government and (2) a copy of a member's marriage record that is requested by the member. A clerk also must provide, without charge, a copy of a marriage record of an active duty member of the U.S. Armed Forces or of a surviving spouse or child of the member that is requested, if the copy is to be used in connection with a claim for a dependent or beneficiary of the member.

Circuit Court Real Property Records Improvement Fund

Created by Chapter 327 of 1991, the Circuit Court Real Property Records Improvement Fund supports all personnel and operating costs within the land records offices of the clerks of the circuit courts. It further supports the maintenance costs of the Electronic Land Records Online Imagery System and its website. Since fiscal 2008, the fund has also been supporting the Judiciary's major information technology (IT) development projects.

Recordable Instrument Surcharge: Revenues for the Circuit Court Real Property Records Improvement Fund are generated through a recordation surcharge on all real estate transactions. Before fiscal 2012, the surcharge was \$20. The clerk's office of the circuit court in each county and Baltimore City imposes a surcharge on each recordable instrument that is recorded among the jurisdiction's land records or financing statement records. The surcharges are deposited in the fund, which is managed by the State Court Administrator with advice from a five-member oversight committee.

In response to concerns regarding the sustainability of the fund, Chapter 397 of 2011 (the Budget and Reconciliation Financing Act) increased the surcharge on all recordable instruments from \$20 to \$40 for fiscal 2012 through 2015. Pursuant to Chapter 397, the increase in the surcharge was to have terminated June 30, 2015. The expiration of the surcharge increase,

which would have decreased fund revenues by 50%, would have resulted in the fund being exhausted in fiscal 2017. In addition to eliminating the source of funding for all land record operations, the expiration of the increase in the surcharge also would have impacted the Judiciary's ongoing IT projects, most notably the Maryland Electronic Courts initiative. **Chapter 487 of 2015** extended through 2020, the termination date of the increased \$40 surcharge on recordable instruments.

Filing Fee Surcharges: Chapter 488 of 2015 provided an additional source of funding for the Circuit Court Real Property Records Improvement Fund. The Act required the State Court Administrator to assess a surcharge of \$11 on cases filed in the Court of Appeals and the Court of Special Appeals and also required the assessment of a \$30 surcharge for civil cases filed in the circuit courts and a surcharge of \$6 for civil cases reopened in the circuit courts. A surcharge may not be assessed to reopen a case brought by a petitioner under the protective order statutes. The Chief Judge of the District Court must assess a maximum surcharge of \$3 per summary ejectment case and \$8 for all other civil cases. The surcharges required under **Chapter 488** must be deposited into the fund to supplement revenues from the recordable instrument surcharge.

Maryland Legal Services Corporation Funding

The Maryland Legal Services Corporation (MLSC) was established by the Maryland General Assembly in 1982. It receives and distributes funds to nonprofit grantees that provide legal assistance to eligible clients in civil cases. The Governor is required to appropriate money from the State Unclaimed Property Fund to support the activities of MLSC. Additionally, lawyers are required to place small or short-term client trust funds into an Interest on Lawyer Trust Account (IOLTA), the interest on which is paid into the MLSC Fund. In addition to these funds, a surcharge on filing fees in circuit court civil cases and District Court civil and summary ejectment cases is also deposited into the MLSC Fund. The funds collected from the IOLTA, the surcharge, and the abandoned property funds are deposited by the Administrative Office of the Courts into the MLSC Fund, which MLSC then distributes in the form of grants to various organizations that perform the legal assistance services.

Due to declining IOLTA revenue, as well as an increasing demand for legal services, the General Assembly passed Chapter 486 of 2010, which increased the maximum surcharge on civil cases filed in circuit courts from \$25 to \$55. In the District Court, the maximum authorized surcharge also increased from \$5 to \$8 for summary ejectment cases and from \$10 to \$18 for all other civil cases. The higher maximum surcharge increased filing fee revenue between fiscal 2010 and 2011, which allowed MLSC to increase grant funding levels to pre-2010 levels while relying less heavily on its reserve fund. Pursuant to Chapter 486, the increased surcharges were set to terminate June 30, 2013. Chapters 71 and 72 of 2013 extended the termination date to June 30, 2018. **Chapters 797 and 798 of 2017** repealed the termination date. Repealing the termination date also continued the requirement for MLSC to submit, for informational purposes only, its budget to the General Assembly.

The General Assembly also increased mandatory appropriations for MLSC. *Chapter 839 of 2017* increased, from \$1.5 million to \$2.0 million, the amount the Comptroller is required to distribute from abandoned property funds to the MLSC Fund each year.

In-house Counsel

Generally, before an individual may practice law in the State, the individual must be admitted to the Maryland Bar and meet any requirement that the Court of Appeals may set by rule. However, an individual who is employed by a corporation and is admitted to the bar of any other state may provide legal advice to the corporation.

Chapters 507 and 508 of 2017 broadened the exception to authorize an individual who is admitted to the bar of any other state to provide legal advice to the individual's employer or the employer's organizational affiliates, not just corporations. For purposes of the legislation, "affiliate" means a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with an employer. An individual giving legal advice under the legislation is subject to disciplinary proceedings as the Maryland Rules provide. Further, that individual may not appear before a unit of State government or a unit of a political subdivision unless a court grants the individual a special admission.

Civil Actions and Procedures

Tort Claims Against Governments

Tort Claims Against the State

In general, the State is immune from tort liability for the acts of its employees and cannot be sued in tort without its consent. Under the Maryland Tort Claims Act (MTCA), the State statutorily waives its own common law (sovereign) immunity on a limited basis. MTCA applies to tortious acts or omissions, including State constitutional torts, by "State personnel" performed in the course of their official duties, so long as the acts or omissions are made without malice or gross negligence.

Under MTCA, the State essentially "...waives sovereign or governmental immunity and substitutes the liability of the State for the liability of the state employee committing the tort." (*Lee v. Cline*, 384 Md. 245, 262 (2004)). However, prior to legislative action taken during the 2015 legislative session, MTCA limited the State's liability to \$200,000 to a single claimant for injuries arising from a single incident or occurrence. That limit was established under Chapter 639 of 1999. Also, a claimant was prohibited from instituting an action under MTCA unless (1) the claimant submitted a written claim to the State Treasurer or the Treasurer's designee within one year after the injury to person or property that is the basis of the claim; (2) the State Treasurer/designee denied the claim finally; and (3) the action was filed within three years after the cause of action arises.

Chapter 132 of 2015 increased the liability limit under MTCA to \$400,000 to a single claimant for injuries arising from a single incident or occurrence. The Act also altered the notice requirements of MTCA by authorizing a court, on motion of a claimant who failed to submit a written claim within the one-year time period under MTCA, and for good cause shown, to entertain the claimant’s action unless the State can affirmatively show that its defense has been prejudiced by the claimant’s failure to submit the claim.

Chapter 623 of 2016 further modified notification procedures under MTCA by establishing an exception to the notice requirements under specified circumstances. The Act established that the requirement to submit a written claim within one year after the injury does not apply if, within one year after the injury to person or property that is the basis of the claim, the State has actual or constructive notice of (1) the claimant’s injury; or (2) the defect or circumstances giving rise to the claimant’s injury.

Tort Claims Against Local Governments

The Local Government Tort Claims Act (LGTCGA) is the local government counterpart to MTCA. Prior to enactment of legislation in the 2015 session, LGTCGA limited the liability of a local government to \$200,000 per individual claim and \$500,000 per total claims that arose from the same occurrence for damages from tortious acts or omissions (including intentional and constitutional torts). The limits had been established under Chapter 594 of 1987.

Before amendments to LGTCGA were enacted, an action for unliquidated damages could not be brought unless the claimant gives notice of the claim within 180 days after the injury. The notice had to comply with specified content and procedural requirements. However, unless the local government in an LGTCGA suit can affirmatively show that its defense has been prejudiced by lack of required notice, the court, upon motion and for good cause shown, could entertain the suit even though the claimant did not give the required notice.

Chapter 131 of 2015 increased the liability limits under LGTCGA to \$400,000 per individual claim and \$800,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions. The law also extended the time period for giving notice of a claim to one year.

Chapter 624 of 2016 created an exception to the notice requirement under LGTCGA if, within one year after the injury giving rise to the claim, the defendant local government has actual or constructive notice of the claimant’s injury or the defect or circumstances giving rise to the claimant’s injury.

Regional Development Councils

The LGTCGA defines local government to include counties, municipal corporations, Baltimore City, and various agencies and authorities of local governments such as community colleges, county public libraries, special taxing districts, nonprofit community service corporations, sanitary districts, housing authorities, and commercial district management authorities.

Chapter 466 of 2016 limited the liability of a “regional development council” by expanding the definition of “local government” for purposes of the LGTCA to include a regional development council. The Act defined a “regional development council” as a regional or municipal council established under Title 13 of the Economic Development Article. A regional development council includes the Baltimore Metropolitan Council (which was already included in LGTCA’s definition of local government), the Mid-Shore Regional Council, the Upper Shore Regional Council, the Tri-County Council for the Lower Eastern Shore of Maryland, the Tri-County Council for Southern Maryland, and the Tri-County Council for Western Maryland. The law also repealed provisions granting the Tri-County Council of Southern Maryland and the Tri-County Council of Western Maryland immunity from being sued.

County Boards of Education

In addition, the law requires each county board of education to carry comprehensive liability insurance to protect the board and its agents and employees. The State Board of Education was required to establish standards for these insurance policies, including a minimum liability coverage of not less than \$100,000 for each occurrence. **Chapter 680 of 2016** increased the liability limit on a county board of education and the minimum amount of liability coverage that a county board of education must maintain from \$100,000 to \$400,000. The law also made a corresponding change to the State Board of Education’s statutory requirement to establish standards for these comprehensive liability insurance policies.

False Claims

Under the English common law, a private individual could bring a *qui tam* action (a private party cause of action brought on behalf of a governmental entity) in court on behalf of the Crown. If the individual was successful, he or she would receive a part of the penalty imposed. In the United States, the practice exists as a component of some “whistleblower” statutes, including the federal False Claims Act. Among other things, Chapter 4 of 2010, also known as the Maryland False Health Claims Act (MFHCA), prohibits a person from making a false or fraudulent claim for payment or approval by the State or the Maryland Department of Health under a State health plan or State health program and authorizes individuals to file private party causes of action on behalf of a governmental entity for false health claims made against the State.

Chapter 165 of 2015 extended substantially similar provisions to other claims made against the State and to claims made against a local government, and created the Maryland False Claims Act (MFCA). MFCA (1) prohibits a person from knowingly making a false or fraudulent claim for payment or approval by a governmental entity; (2) authorizes a governmental entity to file a civil action against a person who makes a false claim; (3) establishes civil penalties for making a false claim; (4) permits a private citizen to file a civil action on behalf of a governmental entity against a person who has made a false claim; (5) requires the court to award a certain percentage of the proceeds of the action to the private citizen initiating the action; and (6) prohibits retaliatory actions by a person against an employee, contractor, or grantee for disclosing a false claim or engaging in other specified false claims-related activities.

A civil action brought by a private citizen on behalf of a governmental entity must remain under seal for at least 60 days to allow review by the governmental entity. If the governmental entity elects to intervene in the action, it has primary responsibility for proceeding. If the governmental entity does not elect to intervene, or later withdraws after intervening, the court must dismiss the action.

A person who violates the Act's prohibitions is liable to a governmental entity for a civil penalty of up to \$10,000 for each violation and up to triple the governmental entity's damages resulting from the violation. However, the total amount of a violator's liability to the governmental entity may not be less than the amount of the actual damages the governmental entity incurred as a result of the false claims violation. These penalties are in addition to any criminal, civil, or administrative penalties provided under any other State or federal law or regulation. Any remedy provided under the Act is in addition to any other appropriate legal or equitable relief provided under any other applicable statute or regulation. However, a governmental entity may not maintain an action under the Act if the governmental entity has filed a civil action based on the same underlying act under MFHCA or sought enforcement by the Attorney General under specified procurement statutes pertaining to collusion or falsification or concealment of material facts. Any civil penalties or damages collected by the State are deposited into the State's general fund.

Chapter 632 of 2017 further expanded the definition of "governmental entity" under MFCA to include a municipal corporation. The Act also added the attorney for each municipal corporation to certain reporting requirements under MFCA.

Structured Settlements

Background

Under a traditional settlement agreement, the claimant in a personal injury or workers' compensation action receives a single, lump sum payment in settlement of his or her claim. Under a structured settlement agreement, the claimant (or "payee") instead agrees to receive multiple, smaller payments – typically paid out over the course of many years. Structured settlements have several benefits from a public policy perspective. First, they promote the long-term financial stability of the payee by providing a steady stream of income that can be used to pay future expenses arising from the payee's injury or disability. Second, they minimize the risk that the payee will squander his or her award and become reliant on public assistance. In support of these objectives, federal law encourages the use of structured settlement agreements by granting special treatment to structured settlement payments under the tax code.

Since 1975, insurance companies have committed an estimated \$350 billion to structured settlements. This has given rise to a secondary market for structured settlement payments. In some cases, a payee may choose to transfer the rights to receive future payments under a structured settlement agreement in exchange for an immediate, discounted, cash payment. This is called a "factoring transaction," and the companies that specialize in these transfers are known as "factoring companies."

In August 2015, the *Washington Post* published an exposé of Maryland's factoring industry. The story described payees, many of them victims of childhood lead poisoning, who had sold their rights to structured settlement payments for pennies on the dollar. The article raised questions about how Maryland was regulating the factoring market and the extent to which State law was adequately protecting vulnerable payees from aggressive or misleading business practices. The article prompted the passage of statewide legislation as well as the adoption of new court rules regulating the transfer of structured settlement payments.

Regulation of Structured Settlement Transfers

Chapters 721 and 722 of 2016 made several changes to the procedures for filing and approving an application for a transfer of structured settlement payment rights, including establishing a registration program for transferees under the Office of the Attorney General. The Acts also authorized the Attorney General to adopt regulations to carry out the purposes of Maryland's structured settlement protection law.

Under the Acts, a petition for a transfer of structured settlement payment rights must be filed in the circuit court for the county where the payee resides, if the payee resides in the State. If the payee does not reside in the State, the petition must be filed in the circuit court that approved the structured settlement agreement or the circuit court in which the settled claim was pending when the parties entered into the structured settlement agreement, if the structured settlement agreement was not court approved.

Registration of Transferees and Penalties

Chapters 721 and 722 required an applicant for registration as a structured settlement transferee to submit an application containing specified information to the Attorney General under oath and pay a \$2,000 registration fee, of which \$1,500 is refundable if the Attorney General denies the application. All registration fees collected must be used to administer the registration program.

The Acts authorized the Attorney General to suspend or revoke the registration of a structured settlement transferee or deny an application for registration if the Attorney General finds that the transferee or other specified individuals (1) engaged in specified prohibited practices/activities; (2) have been convicted of a crime involving dishonesty, deception, or moral turpitude; (3) have been found by a court of competent jurisdiction or a government agency to have committed fraud, engaged in unfair trade practices, or committed any other civil wrong or regulatory violation involving dishonesty or deception; or (4) otherwise failed to comply with the laws' provisions.

In addition to, or instead of, denying an application for registration, or suspending or revoking a registration, the Attorney General may impose a civil penalty for each violation of specified provisions. The maximum penalties are \$1,000 for a first violation and \$5,000 for each subsequent violation. The Attorney General must consider specified factors when determining what type of action to take or the amount of any civil penalty to be imposed. The laws also specify notice and hearing requirements. Any party aggrieved by a decision and order of the Attorney General under specified provisions may petition for judicial review.

Offshore Drilling Liability

Background

Strict liability is liability imposed on an individual based on the commission of a particular act, regardless of the individual's negligence or intent to do harm. Abnormally dangerous activity and ultrahazardous activity, which are interchangeable terms, are types of activities to which strict liability applies. Abnormally dangerous activities are uncommon acts that carry a significant risk of serious harm to persons or property, even if the actor used reasonable care. Dynamiting/blasting is an often-cited example of an abnormally dangerous activity. Under the State's natural resources laws, any person who drills for oil or gas on the lands or in the waters of the State is strictly liable for any damages that occur in exploration, drilling, or producing operations or in the plugging of the person's oil or gas wells, including liability to the State for any environmental damage.

In January 2018, the Trump Administration announced plans to significantly expand offshore oil and gas drilling. By opening approximately 90% of the nation's Outer Continental Shelf (OCS) to oil and gas leases, the five-year plan reverses the Obama Administration's ban on offshore drilling in approximately 94% of the nation's OCS acreage. The plan marks the first time since the 1980s that oil companies have an opportunity to purchase new leases in the Atlantic and Pacific oceans. In a letter dated January 4, 2018, Governor Lawrence J. Hogan, Jr. instructed Maryland Attorney General Brian E. Frosh to investigate whether the plan applies to Maryland's coastal waters and, if it does, to "commence and prosecute any viable legal claims, actions, or suits against the U.S. government to prevent it."

Strict Liability for Offshore Drilling Activities

Chapter 626 of 2018 established that an "offshore drilling activity" is an ultrahazardous and abnormally dangerous activity and that a person who causes a spill of "oil" or "gas" (as those terms are defined in the Act) while engaged in an offshore drilling activity is strictly liable for damages for any injury, death, or loss to person or property that is caused by the spill. A provision in any contract or agreement that attempts or purports to waive the right to bring an action under the Act or reduce any liability for injury, death, or loss to person or property that is caused by a spill of oil or gas as a result of an offshore drilling activity is void as against public policy.

Chapter 626 also exempted a judgment in an action for damages brought under the Act from the statutory limit of \$100 million on the amount of a supersedeas bond required to stay enforcement of a judgment during the appellate or discretionary review process.

Erroneous Conviction Relief

A person charged by indictment or criminal information with a crime triable in circuit court and convicted of that crime may, at any time, file a petition for writ of actual innocence in the circuit court for the county in which the conviction was imposed if the person claims that there is newly discovered evidence that (1) creates a substantial or significant possibility that the result may have been different, as that standard has been judicially determined and (2) could not have

been discovered in time to move for a new trial under the Maryland Rules. In ruling on a petition, the court may set aside the verdict, resentence, grant a new trial, or correct the sentence, as the court considers appropriate.

The Board of Public Works (BPW) may grant payments to an individual erroneously convicted, sentenced, and confined under State law for a crime the individual did not commit. BPW is authorized to grant an amount commensurate with the actual damages sustained by the individual, but is also authorized to grant a reasonable amount for any financial or other appropriate counseling for the individual due to the confinement. However, prior to legislative action taken in 2017, an individual was eligible for these payments only if the individual received from the Governor a full pardon stating that the individual's conviction has been shown conclusively to be in error.

Legislation enacted in 2017 expanded the authority of BPW to grant payments to erroneously convicted individuals. *Chapters 799 and 800 of 2017* authorized a State's Attorney, upon request of a petitioner for a writ of actual innocence, to certify that a conviction was in error if (1) the court grants the petitioner's petition for relief; (2) the court sets aside the verdict or grants a new trial when ruling on the petitioner's petition for writ of actual innocence; and (3) the State's Attorney declines to prosecute the petitioner because the State's Attorney determines that the petitioner is innocent. An individual is eligible for payments by BPW if the State's Attorney certifies that the individual's conviction was in error.

The Acts also established the Task Force to Study Erroneous Conviction and Imprisonment, staffed by the Governor's Office of Crime Control and Prevention. The provisions pertaining to the task force terminate September 30, 2018. The task force must (1) study the State's process for establishing whether a conviction was made in error and for determining the innocence of a person wrongly convicted; (2) study the processes and standards in other states for designating an erroneous conviction, determining a person's innocence, and compensating a person for imprisonment based on an erroneous conviction; and (3) make recommendations on whether the State should create and implement a new process to designate an erroneous conviction and determine the innocence of a person erroneously convicted, including whether a specific agency should certify that a person is innocent.

Practice and Procedure

Appeals – Supersedeas Bond

In general, an appellant may stay the enforcement of a civil judgment from which an appeal is taken by filing a supersedeas bond or alternative security with the clerk of the court. The bond or security may be filed at any time before satisfaction of the judgment, but the enforcement is stayed only from the time the security is filed.

Under Maryland Rule 8-423(b), the amount of a bond for a judgment for the recovery of money not otherwise secured must be the amount that will cover the whole amount of the unsatisfied portion of the money judgment, plus interest and costs. However, the court may reduce the amount of the bond after making specific findings justifying the amount following

consideration of all relevant factors. The parties in a case may agree to an alternative amount for the bond.

Chapter 225 of 2015 specified that the amount of a supersedeas bond that must be posted in a civil action to stay enforcement of a judgment granting any type of relief during the entire course of all appeals or discretionary reviews may not exceed the lesser of \$100 million or the amount of the judgment for each appellant, regardless of the amount of the judgment appealed.

The Act further provided that, in a civil action, a party seeking a stay of execution of a judgment of any amount pending review may file a motion to reduce the amount of a supersedeas bond required to obtain the stay. Upon this motion or on its own motion, a court may reduce the amount of the supersedeas bond or may set other conditions to obtain the stay, with or without a bond, in the interest of justice or for good cause shown. If an appellant posts a supersedeas bond in accordance with the Act's provisions in an amount that is less than the amount that would be required under Maryland Rule 8-423(b), the appellee may engage in discovery for the limited purpose of determining whether the appellant dissipated or diverted assets outside the course of its ordinary business or is in the process of doing so. The circuit court must retain jurisdiction over the action for the limited purpose of ruling on any motions relating to this discovery to make determinations regarding the dissipation or diversion of assets.

If a court determines that an appellant dissipated or diverted assets outside the course of its ordinary business or is in the process of doing so, the court may (1) enter orders necessary to protect the appellee; (2) require the appellant to post a bond in an amount not to exceed the full amount that would be required under Maryland Rule 8-423(b); and (3) impose other remedies and sanctions that the court considers appropriate.

Enforcement of Money Judgments

In the circuit courts or the District Court, a judgment creditor may file a request for examination in aid of enforcement no earlier than 30 days after the entry of a money judgment. Upon this request, the court where the money judgment was entered or recorded may issue an order requiring the appearance for examination under oath before a judge or examiner of (1) the judgment debtor or (2) any other person if the court is satisfied by affidavit or other proof that it is probable that the person has property of the judgment debtor, is indebted for a sum certain to the judgment debtor, or has knowledge of any concealment, fraudulent transfer, or withholding of any assets belonging to the judgment debtor.

Chapter 152 of 2015 prohibited a circuit court or the District Court from requiring a judgment creditor that has requested an examination in aid of enforcing a money judgment to show that good cause exists for the examination. However, a court may require a judgment creditor to show that good cause exists for the examination of a person if the court granted a request by the judgment creditor for an examination of the same person within the previous 12 months.

Small Claims Actions – Appeals

To practice law in the State, an individual must be admitted to the Bar of Maryland and meet any requirement the Court of Appeals sets by rule. There are specified exceptions to the admission requirement, however, which pertain to specified representatives of business entities or their designees appearing on behalf of the entity in small claims actions before the District Court of Maryland.

Chapter 544 of 2017 expanded these exceptions by specifically exempting certain representatives or designees of a corporation, partnership, limited liability company, or business entity from the requirement of admission to the Bar of Maryland and other requirements set by the Maryland Court of Appeals for representing the entity in an *appeal* from the District Court of Maryland in a small claims case.

Expansion of Causes of Action

Liability of Disability Insurer

With respect to first-party property and casualty claims, a consumer who proves that the person's insurer did not act in good faith may recover expenses and litigation costs, including reasonable attorney's fees not exceeding one-third of the actual damages recovered, in addition to actual damages, plus interest. *Chapter 729 of 2016* added disability insurers to statutory provisions authorizing the recovery of actual damages, expenses, litigation costs, and interest in first-party claims against insurers if the insurer failed to act in good faith under certain circumstances. The Act applies to first-party claims made under individual "disability insurance" policies. The Act defines "disability insurance" as insurance that provides for lost income, revenue, or proceeds in the event that an illness, accident, or injury results in a disability that impairs an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance is intended to replace. "Disability insurance" does not include payment for medical expenses, dismemberment, or accidental death.

Child Sexual Abuse

Pursuant to Chapter 360 of 2003, an action for damages arising out of an alleged incident of sexual abuse that occurred while the victim was a minor had to be filed within seven years of the date that the victim attained the age of majority. The law was not to be construed to apply retroactively to revive any action that was barred by application of the period of limitations applicable before October 1, 2003.

In response to growing recognition of the long-term impact of child sexual abuse, *Chapters 12 and 656 of 2017* (1) extended the statute of limitations for an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor; (2) established a statute of repose for specified civil actions relating to child sexual abuse; and (3) exempted causes of action filed under the provisions of the law from the notice of claim requirement under LGTCA and the submission of a written claim requirement, denial of claim requirement, and the statute of limitations under MTCA.

The Acts required an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor to be filed (1) at any time before the victim reaches the age of majority or (2) within the later of 20 years after the date on which the victim reaches the age of majority or 3 years after the date that the defendant is convicted of a crime relating to the alleged incident or incidents, as specified.

However, the Acts specified that in an action brought more than seven years after the victim reaches the age of majority, damages may be awarded against a person or governmental entity that is not the alleged perpetrator of the sexual abuse only if (1) the person or governmental entity owed a duty of care to the victim; (2) the person or governmental entity employed or exercised some degree of responsibility or control over the alleged perpetrator; and (3) there is a finding of gross negligence on the part of the person or governmental entity. The Acts established a “statute of repose” that prohibits a person from filing an action more than 20 years after the date on which the victim reaches the age of majority against a person or governmental entity that is not the alleged perpetrator for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor.

Collective Bargaining Agreement – Breach of Duty

In *Lewis v. Baltimore Convention Ctr.*, 231 Md. App. 144 (2016), a class of employees of the Baltimore Convention Center appealed a circuit court’s dismissal of its complaint concerning (1) Baltimore City’s breach of contract with their union by failure to pay overtime wages; (2) the union’s breach of its duty of fair representation; and (3) the union’s tortious interference with the contract. The Court of Special Appeals affirmed the circuit court’s dismissal of the complaint, holding that the complaints of the class were barred by limitations.

Chapters 482 and 483 of 2017 established a period of limitations for filing an action for injunctive relief or damages for (1) a violation of a collective bargaining agreement covering an employee of the State or a political subdivision of the State or (2) a breach by an exclusive representative of the duty of fair representation owed to an employee of the State or a political subdivision of the State. Under the Acts, such an action must be commenced within six months after the later of (1) the date on which the claim accrued or (2) the date on which the complainant knew or should reasonably have known of the breach.

Injury To or Death of Pet

Chapter 413 of 2017 established that a person who tortiously causes an injury to or death of a pet while acting through an animal under the person’s ownership is liable to the owner of the pet for compensatory damages. The Act also increased the maximum compensatory damages awardable in cases relating to tortious injury to or death of a pet from \$7,500 to \$10,000.

Consumer Debt Collection – Statute of Limitations

Collection law firms have turned to specialized computer software that automatically produces collection letters, summonses, and lawsuits using the information contained in electronic databases. Once a lawsuit has been filed and a debt collector receives a judgment in litigation, the

party can utilize wage and property garnishment mechanisms to collect on the judgment. Although debt collection lawsuits are legal when conducted in accordance with State and federal law, the huge volume of lawsuits filed that are based on limited details of the alleged debts can ultimately lead to mistakes and abuses of the court system.

Chapter 579 of 2016 prohibited a creditor or a collector from initiating a consumer debt collection action after the expiration of the statute of limitations applicable to the action. Notwithstanding any other provision of law, on the expiration of the statute of limitations applicable to the consumer debt collection action, any subsequent payment toward, written or oral affirmation of, or any other activity on the debt may not revive or extend the limitations period.

Chapter 549 of 2018 further clarified the prohibition on reviving or extending the statute of limitations period applicable to a consumer debt collection action. The law specified that this prohibition does not affect the statute of limitations applicable to a cause of action arising from a separate written agreement or written payment plan entered into by the debtor and the creditor or collector before the expiration of the statute of limitations applicable to the consumer debt collection action on the underlying debt.

Expansion of Immunity from Civil Action

Good Samaritan Act

A dramatic increase in heroin-related emergency visits has occurred in Maryland over the last several years, and all but a small number were the result of heroin overdoses. In light of this alarming trend, there have been several major statewide efforts underway to reduce heroin- and fentanyl-related overdoses. Many local jurisdictions have trained their police officers on the proper administration of Naloxone, a life-saving medication that can safely and effectively reverse overdoses related to heroin and pharmaceutical opioids.

Under the Good Samaritan Act (§ 5-603 of the Courts and Judicial Proceedings Article), various rescue and medical personnel are immune from civil liability for any act or omission in giving any assistance or medical care, if (1) the act or omission is not grossly negligent; (2) the assistance or medical care is provided without fee or other compensation; and (3) the assistance or medical care is provided at the scene of an emergency, in transit to a medical facility, or through communications with personnel providing emergency assistance.

Chapters 359 and 360 of 2015 extended civil immunity under the Good Samaritan Act for acts of ordinary negligence to specified rescue and emergency care personnel administering medications or treatment approved for use in response to an apparent drug overdose. The Acts' provisions apply to a member of any State, county, municipal, or volunteer fire department, ambulance and rescue squad, or law enforcement agency, or a corporate fire department, if the member is (1) licensed or certified by the State Emergency Medical Services Board as an emergency medical services provider and is authorized to administer the medications and treatment under protocols established by the board or (2) certified to administer the medications and treatment under protocols established by the Secretary of Health or the Maryland State Police

Medical Director. This civil immunity also applies to a corporation when its fire department personnel are covered by the laws' provisions.

Emergency Veterinary Care

As noted, under the Good Samaritan Act, various rescue and medical personnel are immune from civil liability for any act or omission in giving any assistance or medical care.

Chapters 411 and 412 of 2017 established a similar immunity from civil liability for various rescue, veterinary, and medical personnel, among others, who provide veterinary aid, care, or assistance to an animal under specified circumstances. The Acts also exempt individuals who are immune from liability from specified prohibitions on the practice of veterinary medicine. The immunity from civil liability applies if (1) the act or omission is not one of gross negligence; (2) the veterinary aid, care, or assistance is provided without fee or other compensation from the owner or custodian of the animal; and (3) the veterinary aid, care, or assistance is provided at the scene of an emergency, in transit to a veterinary facility, or through communications with licensed veterinary personnel providing emergency veterinary assistance.

Prohibitions on the practice of veterinary medicine by certain laypersons do not apply to an act or omission in giving emergency veterinary aid, care, or assistance that qualifies for immunity under the Acts.

Disclosure of Information

Limits of 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.

Prior to 2015, a claimant could only obtain documentation of the limits of liability coverage if the claimant provided 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 accident report; (4) the insurer's claim number, if available; (5) the claimant's health care bills and documentation of the claimant's loss of income, if any, resulting from the accident; and (6) the records of health care treatment for the claimant's injuries caused by the vehicle accident. If the claimant provided documentation of health care bills and loss of income of at least \$12,500, the insurer had to disclose in writing to the claimant the applicable limits of coverage in each written agreement under which the insurer may be liable. Similar requirements applied if the claimant was the estate of an individual or beneficiary of an individual killed in a vehicle accident.

Chapter 476 of 2015 reduced the information a claimant who alleges damages as a result of a vehicle accident must provide to an insurer before the insurer is required to disclose the applicable limits of insurance coverage to the claimant.

With respect to a person who alleges damages as a result of a vehicle accident or an attorney who represents the person, the Act removed the requirements that the claimant provide written documentation of (1) the claimant's health care bills and any loss of income resulting from the accident and (2) records of health care treatment for injuries sustained by the claimant because of the accident. For a claim by the estate of an individual or beneficiary of an individual who died as a result of a vehicle accident, the Act removed the requirements that the claimant provide written documentation to the insurer of (1) the amount of economic damages, if any, claimed by each known beneficiary of the decedent, including any amount claimed based on future loss of earnings; (2) the bills for health care treatment of the decedent, if any, resulting from the vehicle accident; (3) the records of health care treatment for injuries to the decedent caused by the vehicle accident; and (4) the decedent's past loss of income, if any, resulting from the vehicle accident.

The Act also repealed the provision requiring that the amount of health care bills and loss of income documented by a personal injury claimant total at least \$12,500 in order for the insurer to be required to disclose in writing the applicable limits of coverage in each written agreement.

Addresses of Defendant

Chapter 325 of 2015 required that upon written request of a plaintiff, an insurer or a person that has a self-insurance plan must provide the plaintiff with the defendant's last known home and business addresses, if known. The Act repealed statutory provisions requiring a plaintiff to file a certification meeting specified requirements before an insurer or self-insured person is required to provide this information to the plaintiff.

Medical Malpractice – Disclosure of Medical Records

Generally, a health care provider may not disclose medical records without the authorization of the person in interest. However, **Chapter 504 of 2018** required a health care provider to disclose a medical record in accordance with compulsory process not later than 30 days after receiving (1) the required documentation and (2) any fees relating to the provision of the medical record, as specified. For a further discussion of **Chapter 504**, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *Major Issues Report*.

Civil Remedies

Shoplifting and Employee Theft

The statutory authority of a merchant to collect damages for alleged shoplifting and employee theft is independent of the criminal justice process. According to news reports, some retailers, particularly larger retailers, have exercised this authority by escorting alleged shoplifters and employees accused of theft to back rooms and handing demand letters to them prior to the

arrival of law enforcement, even if the merchandise is returned to the merchant. In some instances, alleged shoplifters may have been wrongfully accused and are never charged with a crime but still receive demand letters from law firms and collection firms employed by retailers to collect these damages.

Chapter 679 of 2016 made a number of changes to the process for collecting damages sustained by a merchant as a result of an alleged act of shoplifting or employee theft.

Among other things, the Act (1) repealed the requirement that a “responsible person” is civilly liable to a merchant for civil penalties; (2) altered the requirements for demand letters pertaining to alleged acts of shoplifting and employee theft; (3) required demand letters to be prepared by a lawyer admitted to practice law in the State; (4) required that a demand letter that is mailed must be sent by certified mail, return receipt requested; (5) required a merchant who pursues a civil action after a second demand letter to submit proof to the court that the merchant complied with all requirements concerning demand letters; (6) established that a “responsible person” is entitled to an award of court costs and reasonable attorney’s fees, regardless of the merchant’s ability to pay, if the responsible person prevails in a civil suit for damages arising from an alleged act of shoplifting or employee theft; (7) required a court to reduce the amount of any restitution awarded in a criminal proceeding regarding an act for which a responsible person has paid damages by the amount of damages paid; and (8) prohibited a person from engaging in certain threatening or harassing behavior while attempting to recover damages arising from an alleged act of shoplifting or employee theft.

The law also established reporting requirements for a merchant who seeks damages due to alleged shoplifting or employee theft during the preceding calendar year. The merchant must submit a letter to the Department of Labor, Licensing, and Regulation that includes information on the number of (1) alleged shoplifting or employee theft incidents; (2) demand letters issued and the amount of money received in response to the letters; and (3) criminal prosecutions sought by the merchant and their final dispositions. The reporting requirement terminates on September 30, 2019.

Agreements to Defend or Pay Costs of Defense

At common law, a contract can be unenforceable if it has an illegal purpose, is contrary to public policy, or is unconscionable, among other reasons. In general, contracts or agreements relating to architectural, engineering, inspecting, or surveying services or the construction, alteration, repair, or maintenance of property that indemnify the promisee against property damage or bodily injury caused by or resulting from the sole negligence of the promisee or indemnitee (or their agents or employees) are against public policy and are void and unenforceable. The prohibition also applies to promises, agreements, or understandings connected to these contracts or agreements. Moving, demolition, and excavation services are among the service contracts to which the prohibition applies.

Chapter 636 of 2016 rendered void and unenforceable as a matter of public policy under State law, certain agreements to defend or pay the costs of defending specified promisees or indemnitees against liability for damages arising out of bodily injury to any person or damage to

property caused by or resulting from the sole negligence of the promisee or the indemnitee, or their agents or employees. The Act applies to agreements relating to architectural, engineering, inspecting, or surveying services or the construction, alteration, repair, or maintenance of property.

Family Law

Termination of Parental Rights of Rapists

The National Conference of State Legislatures (NCSL) reports that various studies over the last two decades estimate that between 17,000 and 32,000 rape-related pregnancies occur in the United States every year. According to NCSL, almost all states and the District of Columbia have enacted legislation specifically regarding the parental rights of perpetrators of rape resulting in the conception of a child.

Chapters 3 and 4 of 2018 authorized a court, after a trial, to terminate the parental rights of a respondent if the court (1) determines that the respondent has been served, as specified; (2) finds that the respondent was either convicted of, or finds by clear and convincing evidence that the respondent committed, an act of nonconsensual sexual conduct against the other parent that resulted in the conception of the child at issue; and (3) finds by clear and convincing evidence that it is in the best interest of the child to terminate the parental rights of the respondent. The court may not terminate parental rights if the parents were married at the time of the conception of the child at issue unless (1) the respondent has been convicted of an act of nonconsensual conduct against the other parent that resulted in the conception of the child or (2) the parents were separated in accordance with a protective order during the time of the conception of the child and have remained separate and apart since the time of conception. A termination of parental rights completely terminates a parent's right to custody of, guardianship of, access to, visitation with, and inheritance from the child, as well as a parent's responsibility to support the child, including the responsibility to pay child support.

Divorce

Limited Divorce

A limited divorce does not sever the marriage, but does grant the complaining party the right to live separate and apart from the other spouse and can also address issues of custody, visitation, child support, alimony, and use and possession of a family home. Formerly, a court was authorized to grant a limited divorce, among other grounds, on the ground of voluntary separation if the parties were living separate and apart without cohabitation and there was no reasonable expectation of reconciliation. *Chapter 226 of 2015* altered the conditions that determine separation for purposes of a limited divorce by repealing the requirements that the separation must be voluntary and without a reasonable expectation of reconciliation. It also repealed the court's authority to, as a condition precedent to granting a decree of limited divorce, require the parties to participate in good faith in the efforts to achieve reconciliation.

Absolute Divorce – Mutual Consent

A court may grant an absolute divorce on numerous grounds, including the ground of 12-month separation when the parties have lived separate and apart without cohabitation for 12 months without interruption before the filing of the divorce application. *Chapter 353 of 2015* established a new ground by authorizing a court to grant an absolute divorce on the ground of mutual consent, without a waiting period, if (1) the parties do not have any minor children in common; (2) the parties execute and submit to the court a written settlement agreement signed by both parties that resolves all issues relating to alimony and the distribution of property; (3) neither party files a pleading to set aside the settlement agreement prior to the divorce hearing required under the Maryland Rules; and (4) both parties appear before the court at the absolute divorce hearing. If the court decrees an absolute divorce on the ground of mutual consent, the court may merge or incorporate the settlement agreement into the divorce decree and modify or enforce the settlement agreement as authorized by statutory provisions.

Legislation in 2018 subsequently altered the requirements of *Chapter 353*. *Chapter 849 of 2018* repealed the requirement that both parties appear before the court in order to be granted an absolute divorce on the ground of mutual consent. *Chapter 850 of 2018* repealed the restriction that limits absolute divorces on the ground of mutual consent to parties without minor children in common. Instead, it requires the written settlement agreement submitted to the court to also resolve all issues relating to the care, custody, access, and support of minor or dependent children. The parties must attach to the settlement agreement a completed child support guidelines worksheet, if applicable. *Chapter 850* also established that as a condition to granting an absolute divorce on the ground of mutual consent, the court must be satisfied that any terms of the settlement agreement relating to minor or dependent children are in the best interests of those children.

Domestic Violence

Dating Relationships

Individuals who are victims of abuse may petition the courts for civil orders of protection. Depending on the type of relationship the individual has with the respondent (the alleged abuser), the individual may petition for either a peace order or a protective order. In order to file for a protective order, an individual must be a “person eligible for relief,” which includes (1) a current or former spouse of the respondent; (2) a cohabitant of the respondent; (3) a person related to the respondent by blood, marriage, or adoption; or (4) an individual who has a child in common with the respondent.

Prior to 2015, individuals who experienced violence from dating partners, but who did not meet the relationship requirements of the protective order statute, were able to petition only for a peace order, a more limited civil order of protection. However, advocates for victims of domestic violence argued that it was more appropriate to include these relationships within the protective order statute, since dating relationship violence is more akin to the type of intimate partner violence experienced by those in the familial relationships delineated under the protective order statute. *Chapter 354 of 2015* expanded eligibility for a domestic violence protective order by altering the

definition of a “person eligible for relief” to include an individual who has had a sexual relationship with the respondent within one year before the filing of the protective order petition.

Definition of Abuse – Revenge Porn

In addition to meeting relationship requirements, an individual filing a petition for a protective order must allege that specified acts of abuse occurred. “Abuse” includes (1) an act that causes serious bodily harm; (2) an act that places a person eligible for relief in fear of imminent serious bodily harm; (3) assault in any degree; (4) rape or sexual offense or attempted rape or sexual offense in any degree; (5) false imprisonment; and (6) stalking. *Chapter 501 of 2018* expanded the definition of abuse to include “revenge porn.” As set forth in statute, “revenge porn” is intentionally causing serious emotional distress to another by intentionally placing on the Internet a photograph, film, videotape, recording, or any other reproduction of the image of the other person that reveals the identity of the other person with his or her intimate parts exposed or while engaged in an act of sexual contact (1) knowing that the other person did not consent to the placement of the image on the Internet and (2) under circumstances in which the other person had a reasonable expectation that the image would be kept private.

Additional Relief

If a judge finds by a preponderance of the evidence that abuse has occurred, or if the respondent consents to the entry of a protective order, the judge may grant a final protective order to protect any person eligible for relief from abuse. If granted by the court, a protective order may include various types of relief for the petitioner, including provisions requiring a respondent to refrain from contacting the petitioner and to stay away from the petitioner’s home, school, or place of employment. Issues of custody, visitation, emergency family maintenance, and use and possession of the family home also may be included. *Chapter 335 of 2015* expanded the relief that may be awarded in a final protective order by authorizing the judge to include any other relief that the judge determines is necessary to protect a person eligible for relief from abuse.

Duration of Protective Orders

Two-year Protective Order: All relief granted in a final protective order is effective for the period stated in the order, generally up to a maximum of 12 months. A final protective order may be issued for up to two years if it is issued against a respondent for an act of abuse committed within one year after the date that a prior final protective order issued against the same respondent on behalf of the same person eligible for relief expired, if the prior final protective order was issued for a period of at least six months. Additionally, a final protective order may be extended for two years if, during the term of the protective order, the court finds by a preponderance of the evidence that the respondent named in the protective order committed a subsequent act of abuse against a person eligible for relief who was named in the protective order.

Chapter 338 of 2015 expanded the circumstances under which a court may issue or extend the term of a final protective order for a maximum duration of two years by authorizing the court to (1) issue a final protective order for a maximum of two years if the protective order is issued by consent of the respondent within one year after the expiration date of a prior final protective order

issued against the same respondent on behalf of the same person eligible for relief and (2) extend the term of a final protective order for a maximum of two years if the respondent named in the protective order consents to the extension.

Permanent Protective Order: Statutory provisions set forth a process by which a victim of abuse who was the person eligible for relief in an original final protective order may request the issuance of a permanent protective order in specified circumstances. A permanent protective order may contain only the relief that was granted in the original interim, temporary, or final protective order that required the respondent to refrain from abusing or threatening to abuse the person eligible for relief or to refrain from contacting, attempting to contact, or harassing the person eligible for relief.

Chapters 425 and 426 of 2018 expanded the circumstances under which a court is required to issue such an order. The Acts repealed provisions that conditioned eligibility requirements for a permanent final protective order on an individual having been convicted and sentenced only for specified offenses that led to the issuance of a final protective order. Instead, a court must issue a permanent protective order against an individual if (1) an interim, temporary, or final protective order has been issued against the individual and (2) the individual was convicted and sentenced to serve a term of imprisonment of at least five years for the act of abuse that led to the issuance of the interim, temporary, or final protective order or, during the term of the order, the individual committed an act of abuse against the person eligible for relief and was convicted and sentenced to serve a term of imprisonment of at least five years for the act. The individual must also have served at least 12 months of the sentence.

Peace Orders

As previously noted, a person who does not meet specified relationship status under the domestic violence statutes, which govern protective orders, may file a petition for a peace order to protect the person from further harm from another. A petition for a peace order must allege that specified acts occurred against the petitioner by the respondent within 30 days before the filing of the petition. Such acts include assault in any degree, specified rape or sexual offenses, stalking, trespassing, and the malicious destruction of property. ***Chapters 550 and 551 of 2016*** added the crimes of revenge porn and visual surveillance, and crimes involving the misuse of telephone facilities and equipment, electronic communications, and interactive computer service to the list of offenses for which an individual may seek a peace order.

Child Support

Professional License Suspensions

Statutory provisions set forth a process by which the Department of Human Services (DHS) may request a licensing authority to suspend or deny a driver's license, an occupational or professional license, or a recreational hunting or fishing license of an individual for failure to pay child support under specified circumstances. ***Chapter 204 of 2017*** required the Child Support Administration (CSA) in DHS to provide written notice to an individual whose license is subject

to suspension and necessary to practice or engage in a particular business, occupation, or profession of the right to request an investigation on the following grounds: (1) the reported arrearage is inaccurate; (2) the suspension of the license would be an impediment to current or potential employment because the license is necessary for the obligor's primary source of income and the obligor has made good faith payments toward the child support obligation; or (3) the suspension of the license would result in undue hardship, as specified.

If, after an investigation or appeal to the Office of Administrative Hearings, CSA finds that any of these circumstances exist, it is prohibited from sending a notification about an individual to a licensing authority for professional license suspension. **Chapter 204** also expanded the reasons under which CSA is to notify the licensing authority to reinstate a license to include when an individual with a child support arrearage has (1) paid a lump sum equal to four times the ordered amount of monthly support or (2) cooperated with CSA in entering into an enforceable wage withholding order with the maximum deduction permitted under federal law.

Driver's License Suspensions

On notification by CSA that an obligor is 60 days or more out of compliance with the most recent order of the court in making child support payments, the Motor Vehicle Administration (MVA) must suspend an obligor's license or privilege to drive and may issue a work-restricted license or work-restricted privilege to drive.

Chapter 413 of 2018 required MVA, on request of CSA, to expunge a driving record of a suspension for failure to pay child support if specified conditions are met. Specifically, CSA may request that MVA expunge a record of a suspension of a license or privilege to drive for failure to pay child support for an obligor who is enrolled in and compliant with an employment program approved by CSA. MVA must expunge a driving record of such suspensions if the licensee has not been convicted of driving on a license that was suspended for failure to pay child support and does not have any related charges pending. MVA must also expunge the record on notification from CSA that the information it reported that led to the suspension was inaccurate. **Chapter 413** also expanded the circumstances under which MVA must reinstate an obligor's license or privilege to drive by requiring it to do so if the obligor is a participant in full compliance with an employment program approved by CSA. MVA must also reinstate the license or privilege on notification from CSA that (1) information regarding the reported arrearage is inaccurate; (2) suspension of the obligor's license or privilege to drive would be an impediment to the obligor's current or potential employment; or (3) suspension of the obligor's license or privilege to drive would place an undue hardship on the obligor, as specified.

Payment Incentive Program

CSA is responsible for a statewide payment incentive program (PIP) to encourage payments of child support in cases in which Temporary Cash Assistance recipients have assigned their support rights to the State and federal government as partial reimbursement for payments made on behalf of the children of the obligor. Pursuant to the program, CSA enters into agreements with child support obligors in exchange for reductions in the amount of arrearages in accordance with a specified schedule. In determining whether to authorize participation in PIP, CSA must

consider specified factors, including whether the agreement serves the best interests of the children whom the obligor is required to support.

Chapter 406 of 2018 made numerous changes to PIP, including requiring CSA to (1) develop an electronic application process for participation and (2) include any uninterrupted court-ordered payments made immediately before the obligor’s participation in the program when reducing the amount of arrearages owed as determined by the period of uninterrupted payments. It also prohibits, for up to six months of unemployment, CSA from penalizing the obligor for payments missed due to the unemployment. On reemployment, uninterrupted payments must be added to the payments made before the obligor’s unemployment for purposes of determining the applicable period of uninterrupted payments.

Custody

In any custody or visitation proceeding, a disability of a party is relevant only to the extent that the court finds, based on evidence in the record, that the disability affects the best interest of the child. *Chapter 423 of 2016* established that in custody and visitation proceedings, the party alleging that the disability of the other party affects the best interest of the child bears the burden of proof. If the burden of proof is met, the party who has a disability must have an opportunity to prove that “supportive parenting services” would prevent a finding that the disability affects the best interest of the child. Supportive parenting services are services that may assist an individual with a disability in the effective use of techniques and methods to enable the individual to discharge the individual’s responsibilities to a child as successfully as an individual who does not have a disability, including nonvisual techniques for individuals who are blind.

Chapter 423 also altered the definition of “disability” in provisions of law regarding Child in Need of Assistance (CINA), guardianship, adoption, custody, and visitation proceedings in accordance with the Americans with Disabilities Act Amendments Act of 2008. Pursuant to *Chapter 423*, disability means (1) a physical or mental impairment that substantially limits one or more of an individual’s major life activities; (2) a record of having a physical or mental impairment that substantially limits one or more of an individual’s major life activities; or (3) being regarded as having a physical or mental impairment that substantially limits one or more of an individual’s major life activities.

Child Abuse and Neglect

Definition of Abuse

Prior to 2017, “abuse” was defined as the physical or mental injury of a child by any parent or other person who has permanent or temporary care or custody or responsibility for supervision of a child, or by any household or family member under circumstances that indicate that the child’s health or welfare is harmed or is at substantial risk of being harmed. “Abuse” also includes sexual abuse of a child, whether physical injuries are sustained or not. “Mental injury” was defined as the observable, identifiable, and substantial impairment of a child’s mental or psychological ability to function.

In *Wicomico County Department of Social Services v. B.A.*, 449 Md. 122 (2016), the Court of Appeals upheld an Administrative Law Judge's conclusion that because a martial arts instructor did not have "temporary care or custody or responsibility for supervision of a child" when he engaged in sexually suggestive electronic and telephone communications with a 15-year-old student outside of classroom hours while the student was at home, he could not be found responsible for indicated child sexual abuse.

In *McClanahan v. Washington County Department of Social Services*, 445 Md. 691 (2015), a local department of social services determined that a mother who made multiple unfounded sexual abuse allegations against her daughter's father and subjected her daughter to numerous sexual abuse examinations caused mental injury to her daughter. The Administrative Law Judge concluded that the mother's actions were either intentional attempts to manipulate and influence the outcome of an ongoing custody dispute with the child's father or the result of a subconscious effort to have the daughter remain close to her. In interpreting the definition of "mental injury," the Court of Appeals held that a person can only be identified as responsible for child abuse if the person intended to injure the child or acted with reckless disregard of the child's welfare; therefore, the mother could not be determined to be a child abuser.

Chapters 651 and 652 of 2017 addressed issues raised in these Court of Appeals' decisions. In response to *Wicomico County*, the definition of "abuse" was altered in provisions of law relating to the reporting and investigation of suspected child abuse and neglect to include acts by a person who, because of the person's position or occupation, exercises authority over the child. In response to *McClanahan*, the definition of "mental injury" was altered to mean the observable, identifiable, and substantial impairment of a child's mental or psychological ability to function caused by an intentional act or series of acts, regardless of whether there was an intent to harm the child. *Chapters 651 and 652* also clarified that abuse does not include the physical injury of a child by accidental means.

Protecting Victims of Sex Trafficking

The federal Justice for Victims of Trafficking Act of 2015 requires states receiving federal funds under the Child Abuse Prevention and Treatment Act (CAPTA) to take specific steps to address sex trafficking. In order to be in compliance with CAPTA, states must consider a child to be a victim of child abuse and neglect and of sexual abuse if the child is identified by a state or local agency as being a victim of sex trafficking or a victim of severe forms of trafficking in persons. Prior to 2017, in order for local departments to investigate an allegation of sex trafficking and provide services, the alleged perpetrator must have been the victim's parent, family or household member, or caretaker. In accordance with CAPTA, *Chapters 151 and 152 of 2017* altered the definition of "sexual abuse" in provisions of law relating to the reporting and investigation of suspected child abuse and neglect to include sex trafficking of a child, regardless of the victim's relationship with the alleged abuser.

Chapters 156 and 157 of 2017 made related changes by altering the definition of "sexual abuse" in provisions of law relating to a "child in need of assistance" to include "sex trafficking" of a child, regardless of the victim's relationship with the alleged abuser.

Statute of Limitations for Child Sexual Abuse

Pursuant to Chapter 360 of 2003, 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 within seven years of the date that the victim attains the age of majority. The law is not to be construed to apply retroactively to revive any action that was barred by application of the period of limitations applicable before October 1, 2003. *Chapter 12 of 2017* extended this statute of limitations by establishing that 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 or (2) within the later of 20 years after the date on which the victim reaches the age of majority or three years after the date that the defendant is convicted of a crime relating to the alleged incident or incidents, as specified.

Expungement of Child Abuse and Neglect Records

After receiving a report of suspected abuse or neglect of a child who lives in Maryland that is alleged to have occurred in the State, the local department of social services and/or the appropriate law enforcement agency must promptly investigate the report to protect the health, safety, and welfare of the child or children. Formerly, if the investigation resulted in a determination that the report of child abuse or neglect is “ruled out” (a finding that abuse, neglect, or sexual abuse did not occur), and no further reports were received during the next 120 days, the local department had to expunge the report and all assessments and investigative findings within 120 days after the date of referral. *Chapter 152 of 2016* altered the time period, from 120 days to two years, within which a local department of social services is required to expunge a ruled out report of suspected abuse or neglect and all associated assessments and investigative findings. It also authorized the local department, on good cause shown, to immediately expunge ruled out child abuse and neglect reports and records.

Failure to Report

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. State law does not criminalize the failure of a worker to report suspected abuse or neglect. The licensing boards for some workers who are mandated to report child abuse and neglect, including nurses, doctors, and social workers, are authorized to discipline workers for failing to report.

Chapters 374 and 375 of 2016 required that if an agency is participating in a child abuse or neglect investigation and has substantial grounds to believe that a health care practitioner, police officer, educator, or human service worker has knowingly failed to make a required report of suspected abuse or neglect, the agency must file a complaint with the worker’s licensing board; law enforcement agency; county board of education; or other agency, institution, or licensed facility, as appropriate, at which the worker is employed.

Substance-exposed Newborns

Statutory provisions set forth a process by which local departments of social services are notified of “substance-exposed” newborns. A newborn is substance-exposed if the newborn displays (1) a positive toxicology screen for a controlled drug as evidenced by any appropriate test after birth; (2) the effects of controlled drug use or symptoms of withdrawal resulting from prenatal controlled drug exposure as determined by medical personnel; or (3) the effects of a fetal alcohol spectrum disorder. A newborn is also substance-exposed if the newborn’s mother had a positive toxicology screen for a controlled drug at the time of delivery. A health care practitioner involved in the delivery or care of a substance-exposed newborn must make an oral and written report to the local department of social services within specified timeframes. Promptly after receiving a report, the local department must assess the risk of harm to and the safety of the newborn to determine if further intervention is necessary. A report made under these provisions does not create a presumption that a child has been or will be abused or neglected.

Formerly, a health care practitioner was not required to make a report under specified circumstances, including if the health care practitioner verified that, at the time of delivery (1) the mother was using a controlled substance as currently prescribed for the mother by a licensed health care practitioner or (2) the presence of the controlled substance was consistent with a prescribed medical or drug treatment administered to the mother or the newborn.

Amendments to CAPTA required Maryland, in order to receive federal funds, to alter its statutory exemption from the reporting requirements for mothers taking prescribed controlled substances. Accordingly, in order to protect the CAPTA finding, *Chapter 410 of 2018* modified the exceptions described above by establishing that a health care practitioner is exempt from making a report to the local department of social services if the practitioner has verified that, at the time of delivery (1) the mother was using a controlled substance as currently prescribed for the mother by a licensed health care practitioner; (2) the newborn does not display the effects of withdrawal from controlled substance exposure as determined by medical personnel; (3) the newborn does not display the effects of fetal alcohol spectrum disorder; and (4) the newborn is not affected by substance abuse. The Act repealed the provision that exempted reporting if a health care practitioner verified that, at the time of the delivery, the presence of the controlled substance was consistent with a prescribed medical or drug treatment administered to the mother of the newborn. Additionally, it repealed a provision establishing that a newborn is substance-exposed if the newborn’s mother had a positive toxicology screen for a controlled drug at the time of the delivery.

Birth Match Program

The State’s birth match program is an information-sharing initiative intended to ensure the safety of newborns by identifying and offering supportive services to individuals who have additional children after being identified as responsible for child abuse and neglect and having their parental rights terminated. Pursuant to the program, the Executive Director of the Social Services Administration (SSA) within DHS provides the Secretary of Health with identifying information regarding individuals who, as to any child, have had their parental rights terminated

and have been identified as responsible for abuse or neglect in a central registry (a confidential database that maintains records regarding child abuse and neglect). The Secretary of Health provides to the Executive Director of SSA birth record information for a child born to an individual whose identifying information has been provided within the previous five years. When birth record information is provided, the Executive Director of SSA immediately notifies the appropriate local department of social services so that the local department may provide an assessment of the family and offer services, if needed.

Chapter 497 of 2018 expanded this initiative by requiring a court to provide the Secretary of Health with identifying information regarding an individual who has been convicted of the murder, attempted murder, or manslaughter of a child. It altered, from 5 to 10 years, the period of time for which the Secretary of Health must provide birth record information to SSA; the 10-year period also applies to individuals whose identifying information has been provided by a court.

Children in Out-of-home Care

Waiver of Reunification Efforts

Federal law requires State agencies to demonstrate that reasonable efforts have been made to provide assistance and services to prevent the removal of a child from his or her home and to make it possible for a child who has been placed in out-of-home care to be reunited with his or her family. One exception to the reasonable efforts requirement is when the court has determined that the parent subjected the child to “aggravated circumstances” as defined by State law. Among others, such circumstances include situations in which a parent or guardian has (1) been convicted of specified crimes of violence against a minor offspring of the parent or guardian, the child, or another parent or guardian of the child or (2) involuntarily lost parental rights of a sibling of a child.

If a local department of social services concludes that aggravated circumstances exist, it may ask the court in a CINA proceeding for a waiver from the obligation to make reasonable efforts to reunify a child with the child’s parents or guardian. If the court finds, by clear and convincing evidence, that such circumstances exist, the court must grant the local department’s waiver request. The local department is then required to make reasonable efforts to secure a placement for the child in a timely manner, as specified by the permanency plan, and complete the necessary steps to finalize the child’s permanent placement.

Chapter 326 of 2015 expanded the list of aggravated circumstances under which a local department may ask the court in a CINA proceeding to find that reasonable efforts to reunify a child with the child’s parent or guardian are not required to include the following:

- the parent or guardian has engaged in or facilitated chronic or severe physical abuse, chronic and life-threatening neglect, sexual abuse, or torture of the child, a sibling of the child, or another child in the household;

- the parent or guardian knowingly failed to take appropriate steps to protect the child after a person in the household inflicted sexual abuse, severe physical abuse, life-threatening neglect, or torture on the child or another child in the household;
- the child, a sibling of the child, or another child in the household has suffered severe physical abuse or death resulting from abuse by the parent or guardian or another adult in the household and all persons who could have inflicted the abuse or caused the death remain in the household; or
- the parent or guardian has abandoned the child.

Jurisdiction and Authority of Juvenile Court

The Court of Appeals, in *In re Adoption/Guardianship of Dustin R.*, 445 Md. 536 (2015), affirmed that statutory provisions empower a juvenile court to order a State agency to provide services needed to obtain ongoing care for a child with a disability under an order of guardianship after the child reaches age 21 and the guardianship ends without violating the separation of powers doctrine within the Maryland Declaration of Rights. According to the Court of Appeals, these services should act as a bridge to provide continuity as the child transitions to the adult guardianship system. To help ensure that children with developmental disabilities under the CINA jurisdiction of the juvenile court are eligible for the same opportunities for services, **Chapter 655 of 2017** authorized, at a disposition hearing in a CINA proceeding, and required, at a permanency planning hearing, the juvenile court, with regard to a child with a developmental disability, to direct the provision of services to obtain ongoing care, if any, needed after the court's jurisdiction ends. It added related requirements to provisions regarding guardianships. If the court enters such an order it retains jurisdiction to rule on any motion related to the enforcement, modification, or termination of the order, for as long as the order is effective. An order directing the provision of services to a child with a developmental disability is effective until (1) the child is transitioned to adult guardianship care if adult guardianship is necessary and there is no less restrictive alternative that meets the needs of the child and (2) the Maryland Department of Health enters into an agreement to provide or obtain the services ordered by the court or, if the order is challenged, the conclusion of any administrative or judicial review proceeding regarding the necessity of the services ordered.

Protecting the Resources of Children

DHS serves as the representative payee for any benefits received on behalf of a child in out-of-home placement when the child's parent or other relative is not available to serve in that role. As the representative payee, DHS uses the benefits to offset the cost of a child's foster care. Child welfare advocates challenged the practice of using these benefits to reimburse the State for the cost of providing care, arguing that the practice amounts to requiring children to pay for their own stay in foster care and that instead, benefits should be invested or otherwise saved for the child's future. **Chapters 815 and 816 of 2018** established requirements for the management and use of specified benefits, assets, and resources of children in the custody of DHS. Consistent with federal law, when applying for specified benefits for a child in its custody, DHS must, in

cooperation with the child’s attorney, identify a representative payee or fiduciary. When DHS serves as the representative payee or in any other fiduciary capacity for a child receiving Veterans Administration benefits, Supplemental Security Income, or Social Security benefits, DHS must (1) use or conserve the benefits in the child’s best interest, including using the benefits for special needs not otherwise provided by DHS or conserving the benefits for the child’s reasonably foreseeable future needs and (2) ensure that when the child attains the age of 14, and until DHS no longer serves as the representative payee or fiduciary, that a minimum percentage of the child’s benefits are not used to reimburse the State for the costs of care and are instead conserved in accordance with the Acts’ provisions.

Transition Planning for Foster Children

To assist foster youth in making the transition to adulthood, *Chapter 46 of 2015* required a juvenile court, in permanency planning and guardianship review hearings, to make findings as to whether a local department of social services has made reasonable efforts to (1) enroll the child in health insurance before the child is emancipated, that will continue after the child is emancipated; (2) screen the child for eligibility for public benefits and assist the child with applications for public benefits before the child is emancipated; (3) work with appropriate individuals to establish a plan for stable housing that is reasonably expected to remain available to the child for at least 12 months after the date of emancipation; and (4) work with appropriate individuals to engage the child in education, training, and employment activities that will prepare the child to have appropriate and sufficient income to live independently after emancipation. The Act also required a local department to advise a child, before emancipation and in writing, of the right to reenter care and the procedures for reentering care under a voluntary placement agreement.

In conformity with federal law, *Chapter 157 of 2016* altered, from age 16 to at least age 14, the age at which a juvenile court at a permanency planning hearing must determine the services needed to assist the child to transition from placement to successful adulthood. It also required a juvenile court, at each guardianship review hearing for a child of at least age 14, to determine the services needed to assist the child to make the transition from placement to successful adulthood.

Another Planned Permanent Living Arrangement

When developing a permanency plan for a child in an out-of-home placement, the local department of social services must give primary consideration to the best interests of the child. To the extent consistent with the best interests of the child, the local department must consider the following permanency plans, in descending order of priority: (1) returning the child to the child’s parent or guardian, unless the local department is the guardian; (2) placing the child with relatives to whom adoption, custody, and guardianship or care and custody, in descending order of priority, are planned to be granted; (3) adoption, as specified; or (4) another planned permanent living arrangement that addresses the individualized needs of the child, including the child’s educational plan, emotional stability, physical placement, and socialization needs and includes goals that promote the continuity of relations with individuals who will fill a lasting and significant role in the child’s life.

At a hearing to determine the permanency plan for a child or at a guardianship review hearing, the juvenile court must determine the child's permanency plan based on statutory factors. Pursuant to statutory provisions regarding the order of priority, the juvenile court may consider another planned permanent living arrangement that meets the requirements set forth above. In order to bring the State into compliance with federal law, *Chapters 381 and 382 of 2016* established that a child's permanency plan may be another planned permanent living arrangement that meets specified requirements only if the child is at least age 16.

Human Relations

Sexual Harassment

State law generally prohibits an employer with at least 15 employees from discharging, failing or refusing to hire, or otherwise discriminating against any individual with respect to the individual's compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, genetic information, or disability. For the purposes of this prohibition, the State and local governments are considered employers. Sexual harassment is a form of sex-based discrimination.

The State employee sexual harassment policy defines "sexual harassment" as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical conduct of a sexual nature when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis of employment decisions affecting an individual; or (3) such conduct has the effect of interfering with an individual's work performance or creating an intimidating, hostile, or abusive work environment.

It is the policy of both the Maryland General Assembly (MGA) and the Department of Legislative Services (DLS) that "harassment based on an individual's race, color, religion, gender, gender identity, sexual orientation, national origin, age, disability, marital status, citizenship, sex, or any other characteristic protected by law, is prohibited." Although MGA and DLS have separate written workplace harassment policies, both policies define sexual harassment as unwelcome sexual advances; requests for sexual favors; and other verbal, nonverbal, or physical contact of a sexual nature, including specified actions. The policies cover the interaction of all MGA and DLS employees as well as members, interns, and pages assigned to MGA. The policies also cover interactions outside of the legislative complex, such as at legislative-sponsored events, professional meetings or seminars, and other activities that involve legislative business.

Chapter 525 of 2018 made several changes related to antiharassment procedures, policies, and training. Among other things, it (1) prohibited State officials, as specified, from unlawfully harassing or discriminating against officials, employees, interns, pages, fellows, individual regulated lobbyists, or credentialed members of the press; (2) required the Legislative Policy Committee (LPC) to review and update as necessary its antiharassment policy and procedures at least every two years, beginning December 15, 2018; (3) required the Joint Committee on

Legislative Ethics (JCLE) to review complaints involving MGA members that allege violations of the policy and procedures adopted by LPC; (4) established specific prohibitions relating to harassment and discrimination pertaining to lobbyists; and (5) required JCLE, unless the alleged victim objects, to refer a complaint for evaluation to an outside and independent investigator if the complaint alleges that a member of MGA has violated the antiharassment policy and procedures or retaliated against an individual for reporting or participating in an investigation. For a further discussion of **Chapter 525**, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *Major Issues Review*.

Additional reporting of State agency actions taken to prevent sexual harassment must be made to the Office of the Statewide Equal Employment Opportunity (EEO) Coordinator, within the Department of Budget and Management. This office administers and enforces State and federal EEO laws and policies and promotes a work environment free of any unlawful discrimination, harassment, and retaliation. **Chapter 788 of 2018** required Executive Branch units to include information about sexual harassment policies and prevention training and a summary of sexual harassment complaints filed, investigated, resolved, and pending in the annual report that is submitted to the EEO coordinator. For a further discussion of **Chapter 788**, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *Major Issues Review*.

Chapter 791 of 2018 required all State employees to complete at least a cumulative two hours of in-person or virtual interactive training on sexual harassment prevention within (1) six months of an employee’s initial appointment and (2) every two-year period thereafter. It also required additional training for supervisors. For a further discussion of **Chapter 791**, see the subpart “State Agencies, Offices, and Officials” within Part C – State Government of this *Major Issues Review*.

Chapters 738 and 739 of 2018 established that, except as prohibited by federal law, a provision in an employment contract, policy, or agreement that waives any substantive or procedural right or remedy to a claim that accrues in the future of sexual harassment or retaliation for reporting or asserting a right or remedy based on sexual harassment is null and void as being against the public policy of the State. The laws also required employers with 50 or more employees to submit a survey on the number of specified actions regarding sexual harassment to the Maryland Commission on Civil Rights (MCCR) by specified dates. MCCR must publish and make the information accessible to the public, as specified, and submit related information to the Governor and specified committees of the General Assembly. For a further discussion of **Chapters 738 and 739**, see the subpart “Labor and Employment” within Part H – Business and Economic Issues of this *Major Issues Review*.

Employment Discrimination – Interns

As previously noted, discrimination in employment based on an individual’s race, color, religion, national origin, sex, age, marital status, sexual orientation, gender identity, or disability is prohibited. This includes discrimination by employers with 15 or more employees, as well as discrimination by employment agencies, labor organizations, and training programs. Employers are also prohibited from failing or refusing to make a reasonable accommodation for the known

disability of an otherwise qualified employee. Discrimination or retaliation is also prohibited against individuals who have opposed any discriminatory practice or taken specified actions relating to an alleged discriminatory act. Employment discrimination includes actions related to the printing or publishing of notices or advertisements indicating a prohibited preference, limitation, specification, or discrimination.

Chapter 43 of 2015 extended these prohibitions to include acts against interns or applicants for internships. An intern claiming to be aggrieved by an alleged discriminatory act must have access to any internal procedure the employer has for resolving a complaint by an employee of sexual harassment or other discrimination. If the employer does not have an internal procedure, the individual may file a complaint with MCCR for nonmonetary administrative remedies. Such remedies include (1) enjoining an employer from engaging in the discriminatory act; (2) ordering reinstatement or hiring of the intern; and (3) requiring employer and staff “harassment” training.

The provisions of *Chapter 43* did not create an employment relationship between an employer and an intern for the purposes of (1) statutory provisions authorizing a civil action to be brought by a complainant or the commission on behalf of a complainant or monetary damages or (2) any provision of the Labor and Employment Article or the State Personnel and Pensions Article.

Security Upgrades for Facilities at Risk of Hate Crimes or Attacks

Chapter 732 of 2017 authorized the Maryland Center for School Safety to make grants to schools and child care centers determined to be at risk of hate crimes or attacks for security-related personnel and technology and facility upgrades. For a further discussion of *Chapter 732*, see the subpart “Education – Primary and Secondary” within Part L – Education of this *Major Issues Review*.

Birth Certificates – Sex Change or Diagnosis of an Intersex Condition

Chapter 474 of 2014 prohibited discrimination in employment, housing, and public accommodations on the basis of gender identity. *Chapters 484 and 485 of 2015* further required the Secretary of Health to issue a new birth certificate for an individual born in this State if (1) a licensed health care practitioner certifies that the individual has undergone a sex change or has an intersex condition; (2) a court has issued an order indicating that the sex of the individual has changed; or (3) before October 1, 2015, the Secretary amended an original birth certificate on receipt of a court order indicating the individual’s sex change. The new birth certificate may not be marked “amended” or show on its face that a change has been made to a sex designation.

Real Property

Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, the person may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities.

Resales – Disclosures and Fees

A contract for the resale of a unit in a condominium by a unit owner other than the developer is not enforceable unless the owner discloses specified information to the purchaser no later than 15 days prior to closing. The disclosure must include a copy of the governing documents of the condominium, a certificate containing statements about specified financial information of the condominium, and other specified statements and information. Similarly, for the resale of a lot within a development of any size, or the initial sale of a lot in a development containing 12 or fewer lots, the seller must provide the purchaser with specified disclosure documents within 20 days of entering into the contract. The documents must include information regarding past and present monthly fees or assessments, the existence of any delinquent charges against the lot, the contact information of any homeowners association (HOA) management agent, a statement as to the existence of any unsatisfied judgments or pending actions against the HOA or lot, and a copy of the HOA's governing documents.

Chapter 735 of 2016 set at \$250 the maximum fee that a condominium or HOA may charge a unit or lot owner for providing the information that the unit or lot owner must provide to a purchaser on resale of the unit or lot, and authorized specified maximum fees for expedited delivery of that information. For condominiums, the Act also altered the contents of some of the required disclosures and authorized a condominium to charge a reasonable fee not to exceed \$100 for inspection of a unit prior to resale, if required. Finally, the Act required the Department of Housing and Community Development to adjust in a specified manner every two years the maximum fee that a condominium or HOA may charge for providing information that a unit or lot owner must provide on resale and maintain a list of the authorized maximum fees on its website. *Chapter 817 of 2017* authorized the imposition by an HOA of a similar fee as that allowed for condominiums under *Chapter 735*, not to exceed \$50, for conducting an inspection in connection with the resale of a lot if the inspection is required by the governing documents of the HOA.

Amendment of Governing Documents

Chapter 480 of 2017 altered the process for amending the governing documents of a condominium or HOA, which often requires the affirmative vote of two-thirds or more of the property owners, a level of participation that has been frequently cited as nearly impossible to achieve. Specifically, the Act authorized the council of unit owners of a condominium, notwithstanding the provisions of the bylaws, to amend the bylaws by the affirmative vote of unit

owners in good standing having at least 60% of the votes in the council, or by a lower percentage if required in the bylaws. The Act also authorized an HOA, notwithstanding the provisions of a governing document, to amend the governing document by the affirmative vote of lot owners in good standing having at least 60% of the votes in the development, or by a lower percentage if required in the governing document. The Act defined “in good standing” as not being more than 90 days in arrears in the payment of any assessment or charge due to the condominium or HOA, and for an HOA defined “governing document” to include a declaration, bylaws, a deed and agreement, and recorded covenants and restrictions. The measure did not apply to an HOA that issues bonds or other long-term debt secured in whole or in part by annual charges assessed in accordance with a declaration, or to a village or community association affiliated with that HOA.

Notice of Sale of Common Elements and Common Areas

Under the provisions of *Chapter 481 of 2017*, the governing body of a condominium or HOA, or if control has not yet transitioned to unit owners or lot owners, the developer or declarant, must give notice no less than 30 days before the sale, including a tax sale, of any common element or common area located on property that has been transferred to the condominium or HOA. The notice requirement may be satisfied by providing written notice to each unit owner or lot owner, or by posting a specified sign on the property to be sold and, if the condominium or HOA has a website, providing notice on the website.

Condominiums

Claims Against Developer or Vendor: Chapters 346 and 347 of 2018 established that any provision of an instrument, such as a declaration, bylaw, or contract for the initial sale of a condominium unit, made by a developer or vendor in accordance with the Maryland Condominium Act is unenforceable if the provision (1) shortens the statute of limitations applicable to any claim; (2) waives the application of the discovery rule or other accrual date applicable to a claim; (3) requires a unit owner or the council of unit owners to assert a claim subject to arbitration within a period of time that is shorter than the statute of limitations applicable to the claim; or (4) operates to prevent a unit owner or the council of unit owners from filing a lawsuit, initiating arbitration proceedings for a claim subject to arbitration, or otherwise asserting a claim within the applicable statute of limitations. This nullification applies to a provision relating to any right of a unit owner or council of unit owners to bring a claim under applicable law alleging the failure to comply with (1) applicable building codes; (2) plans and specifications approved by a county or municipality; (3) manufacturer’s installation instructions; or (4) specified warranty provisions contained in statute.

Suspension of Privileges: In *Elvaton Towne Condominium Regime II, Inc., et al. v. William Kevin Rose, et ux.*, 453 Md. 684 (2017), the Court of Appeals of Maryland held that, while the Maryland Condominium Act does not preclude “suspension-of-privileges” methods as a means of enforcing collection of delinquent fees, such means must have been agreed to by the unit owners and incorporated into the declaration of a condominium. In response to this ruling, *Chapter 345 of 2018* authorized a declaration of a condominium to provide for the suspension of the use of parking or recreational facility common elements by a unit owner that is more than 60 days in

arrears in paying any assessment due to the condominium. If a declaration contains a suspension provision, the declaration must specifically state that a suspension of the use of common elements may not be implemented until the council of unit owners (1) mails to the unit owner a demand letter specifying a time period of at least 10 days within which the unit owner may pay the delinquent assessment or request a hearing to contest the suspension and (2) if a unit owner requests a hearing to contest a suspension, provides notice and holds a hearing in accordance with specified dispute settlement procedures. The Act authorized the council of unit owners to amend the declaration to add or repeal such a suspension provision by the affirmative vote of at least 60% of the total eligible voters of the condominium.

Homeowners Associations

Chapter 332 of 2018 specified that until the time when all lots in an 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, shall have a number of votes that is equal to the number of lots that have been subdivided, recorded, and not yet sold to members of the public.

Residential Foreclosures

Foreclosure Process

The State's multifaceted approach to the foreclosure process for the past few terms has involved legislative reforms of mortgage lending laws and the foreclosure process, extensive consumer outreach efforts, and enhanced mortgage industry regulation and enforcement. During the 2017 session, the General Assembly passed legislation to require additional notices at the beginning and the end of the foreclosure process, as well as to establish an expedited process for vacant and abandoned property, a problem that has continued to challenge local communities.

Notice After Filing: Chapters 348 and 349 of 2017 required a person authorized to make a sale in an action to foreclose a mortgage or deed of trust on residential property to provide the Department of Labor, Licensing, and Regulation (DLLR) with a notice of foreclosure within seven days of the filing of an order to docket or a complaint to foreclose. The notice must be in the form the department requires, which may be in the form of a registration with the Foreclosed Property Registry administered by the department. The Acts also expressed legislative intent that the Acts do not repeal any local law enacted prior to January 1, 2017, that require a notice substantially similar to the notice of foreclosure described in the Acts to be filed with the local government.

Notice to Condominiums and Homeowners Associations: Chapters 346 and 347 of 2017 required the person authorized to make a sale in an action to foreclose a mortgage or deed of trust on residential property to give written notice of the proposed sale to a condominium or HOA that has recorded, at least 30 days before the date of the proposed sale, a statement of lien against the property under the Maryland Contract Lien Act. In the event of a postponement or cancellation of a sale to foreclose a mortgage or deed of trust, the Acts required the trustee of the property to provide written notice to the record owner and, if applicable, to a condominium or HOA that was notified of the foreclosure sale, within 14 days after the postponement or cancellation.

Expedited Foreclosure of Vacant and Abandoned Property

Vacant residential property, whether resulting from foreclosure or other circumstances, often becomes a nuisance to the community, which, in turn, lowers the value of surrounding properties and the community as a whole and encourages criminal activities on and near the property. In addition, when abandoned, vacant property does not generate tax revenue for the local government and may, in fact, become a costly drain on local government resources (*e.g.*, enforcement of public safety laws and ongoing nuisance abatement such as weed cutting, removal of dumped garbage, rodent control, and boarding up of windows).

Under *Chapter 617 of 2017*, a residential property may be found to be vacant and abandoned if (1) the court finds that the mortgage or deed of trust on the property has been in default for 120 days or more; (2) no mortgagor or grantor has filed with the court an answer or objection that would preclude the court from entering a final judgment and a decree of foreclosure; (3) no mortgagor or grantor has filed with the court a written statement that the property is not vacant and abandoned; and (4) the court finds that at least three from a nonexhaustive list of enumerated circumstances are true as to the property. If the court rules that a property is vacant and abandoned, the secured party may file an action for immediate foreclosure and must serve the foreclosure documents in a specified manner.

Foreclosed Property Registry

Chapters 348 and 349 of 2018 required DLLR to establish procedures that require a foreclosure purchaser to submit to the Foreclosed Property Registry any changes to specified registration information within 21 business days after the change is known to the purchaser. The Acts also required DLLR, on receipt of an initial registration of a property or any change to existing registration information, to promptly notify the county and, if appropriate, the municipal corporation in which the property is located.

Ground Leases

Ground leases have been a form of property holding in Maryland since colonial times. A ground lease creates a leasehold estate in the grantee (leasehold tenant) that is personal – not real – property. The grantor (ground leaseholder) retains a reversion in the ground lease property and fee simple title to the land. Ground leases generally have a 99-year term and are renewable perpetually. Ground rent is paid to the ground leaseholder for the use of the property for the term of the lease in annual or semiannual installments. Under a typical ground lease contract, the leasehold tenant agrees to pay all fees, taxes, and other costs associated with ownership of the property.

Ground Leases – Available Remedies

Prior to 2007, when a leasehold tenant failed to pay rent, the ground leaseholder could bring an action for the past-due rent or for possession of the premises (an “ejectment action”). Because the leasehold tenant had a leasehold estate, a tenant whose property was seized in an ejectment action received no compensation for any equity in the property. After a series of news

articles in 2006 chronicled serious problems with the ground rent system, the General Assembly passed several bills addressing ground leases during the 2007 session. Notably, Chapter 286 of 2007 eliminated ejectment as a remedy for nonpayment of ground rent and replaced it with a process to create and foreclose on a lien. In February 2014, however, the Maryland Court of Appeals invalidated key provisions of Chapter 286 in *State v. Goldberg*, 437 Md. 191 (2014). In *Goldberg*, the Court of Appeals held that the right to re-entry in a ground lease is a vested right that cannot be abrogated by the General Assembly and that the retroactive elimination of the remedy of ejectment under Chapter 286 amounted to a taking of private property without just compensation, violating both the Maryland Declaration of Rights and the Maryland Constitution.

Chapter 428 of 2015 responded to the *Goldberg* decision by repealing the unconstitutional lien and foreclosure remedy introduced by Chapter 286 and reinstating, with modifications, an action for possession of the property as the remedy, similar to the posture of the law before 2007. The Act limited the expenses for which a ground leaseholder may be reimbursed in an action to recover past due ground rent and an action for possession for nonpayment of ground rent, and added new requirements for notices to and service of process on a leasehold tenant. In addition, the Act prohibited the holder of a ground lease on residential property from bringing an action against a leasehold tenant unless the ground lease is registered with the State Department of Assessments and Taxation (SDAT), prohibited a ground leaseholder from taking or threatening to take possession of residential property by a specified nonjudicial eviction process (“self-help”), and allowed multiple opportunities for a holder of a security interest in residential property subject to a ground lease to cure a default in ground rent payments or apply to redeem the reversion.

Ground Lease Registration Form – Optional Contact Information

Chapter 542 of 2017 modernized the required contents of the ground lease registration form maintained by SDAT by adding a section that provides the ground leaseholder the option to include the ground leaseholder’s telephone number and email address. The Act also required that the form used to report changes or corrections to a ground lease registration include a section that provides the ground leaseholder the option to include the ground leaseholder’s telephone number and email address.

Liability for Past-due Ground Rent on Abandoned Property in Baltimore City

Chapter 595 of 2017 altered the law regarding liability for ground rent on abandoned property in Baltimore City by prohibiting a ground leaseholder from bringing any suit, action, or proceeding against the current leasehold tenant to recover ground rent that was due from a former leasehold tenant before the date that the current leasehold tenant acquired title to a property subject to a residential ground lease, if the property is (1) owned or acquired by the current leasehold tenant by any means and (2) abandoned property as defined in the Public Local Laws of Baltimore City. The Act clarified that, for any property subject to such a limitation (as well as an existing limitation related to distressed property as defined in the Public Local Laws of Baltimore City) on recovery of past-due ground rent, the ground leaseholder may request in writing that the current leasehold tenant acquire the reversionary interest under the ground lease for the established market value, as specified.

Landlord and Tenant

Security Deposits

Accrual of Interest: Within 45 days after the end of a tenancy, a landlord or mobile home park owner must return any security deposit paid by a tenant or resident, less any damages rightfully withheld. In addition to the principal of the security deposit, the landlord or park owner must return interest that has accrued on the security deposit. Chapters 488 and 489 of 2014 altered the amount of interest a landlord or mobile home park owner must pay on a security deposit – from 3% per annum to the greater of the daily U.S. Treasury yield curve rate for one year, as defined on the first day of each year, or 1.5% per annum. **Chapter 455 of 2015** further clarified that interest accrues at monthly intervals from the day the tenant gives the landlord or park owner the security deposit. No interest is due or payable (1) unless the landlord or park owner has held the security deposit for a minimum of six months or (2) for any period less than a full month.

Receipt Required with Lease: If a landlord requires a residential tenant to pay a security deposit, the landlord must provide the tenant with a receipt that by law must contain specified information about the tenant’s rights concerning the security deposit. However, State law generally does not require a security deposit to be paid (and, thus, a receipt to be provided) at the time the lease is signed. As a result, the tenant may not receive the information contained in the receipt for the security deposit until after the lease is signed. **Chapter 643 of 2016** addressed this by requiring, rather than authorizing, a written lease for residential property to include a copy of the receipt for the security deposit.

Conversion of Senior Apartment Facilities

Federal law defines “housing for older persons” as housing that is (1) provided under any state or federal program designed and operated to assist elderly persons; (2) intended for, and solely occupied by, persons age 62 or older; or (3) intended for persons age 55 or older (demonstrated by specified policies and procedures) and complies with federal rules for occupant age verification. **Chapter 543 of 2016** was aimed at addressing the problems that may arise when the landlord of an apartment facility that meets the definition of “housing for older persons” is authorized by law and opts to lift the age restrictions. The Act required the landlord to provide each tenant of a “senior apartment facility” a written notice at least 180 days before converting the senior apartment facility into an apartment facility for the general population. The landlord must allow any tenant who requests to move before the conversion date to terminate the lease with at least one month’s written notice, and the landlord may not withhold any portion of that tenant’s security deposit for rent that would have become due under any remaining term of the lease after termination of the lease.

Limitations on Liability for Rent for Military Personnel

Chapters 704 and 705 of 2017 altered the law with regard to the limits on liability under a residential lease for a person on active duty with the U.S. military. Specifically, the Acts made the limits on liability also apply to the person’s spouse and defined “change of assignment” to include specified permanent or temporary orders, orders requiring a person to move onto a military

installation, and a release from active duty under specified circumstances. Under the Acts, if a person on active duty with the U.S. military, or the person’s spouse, enters into a residential lease and the person subsequently receives a change of assignment, any liability of the person or the person’s spouse is limited to any rent or other lawful charges then due and payable plus 30 days’ rent and the cost to repair any property damage caused by an act or omission of the tenant. The 30-day limit commences when written notice and proof of the change of assignment are given to the landlord. Also, the provisions apply regardless of whether the change of assignment occurs before or after the property is occupied.

Payments for Water and Sewer Services

Chapter 514 of 2018 required a landlord of a building that contains one or two residential dwelling units and who requires a tenant to make payments for water or sewer utility services to the landlord, to use a written lease that provides notice that the tenant is responsible for making payments for water or sewer utility services to the landlord. The measure also required the landlord to provide a copy of the water or sewer bill to the tenant.

Lease Option Agreements

A “lease option agreement” means any clause in a lease agreement or separate document that confers on the tenant some power, either qualified or unqualified, to purchase the landlord’s interest in the property. *Chapter 787 of 2018* required a lease option agreement to purchase improved residential property, if executed on or after July 1, 2018, to include a specified statement in capital letters and in close proximity to the tenant’s signature line that the agreement is an integral part of the tenant’s lease and is governed by Title 8 of the Real Property Article, and a tenant or prospective tenant must have all rights and remedies provided under those provisions.

Nonresidential Property – Service of Process

Chapters 645 and 646 of 2018 specified that, in an action to repossess nonresidential property for failure to pay rent, service of process on a tenant (1) must be directed to the sheriff of the appropriate county or municipality and (2) on the plaintiff’s request, may be directed to any person authorized under the Maryland Rules to serve process. The Acts made applicable statewide a similar provision that was previously applicable only in Wicomico County.

Baltimore City – False Representation and Unlawful Eviction

Chapters 637 and 638 of 2018 clarified and expanded provisions of landlord tenant law applicable only in Baltimore City concerning the offenses of false representation and unlawful eviction that are subject to misdemeanor penalties. The Acts did not impact civil procedures for breach of lease actions under State or local law. The Acts also specified that an agent, a landlord, or an operator may not intentionally (1) interrupt, terminate, or diminish any utility service provided to the tenant; (2) remove furnishings, cooking facilities, appliances, or similar items to which, under the express or implied terms of the tenancy, the tenant may be entitled; (3) prevent the tenant from gaining access to the property by changing the locks and failing to provide the

tenant with new keys; (4) remove outside doors or windows; or (5) remove the tenant's personal property, furnishings, or any other items.

Mobile Home Parks – Notices to Residents

Chapter 329 of 2018 required a park owner that enters into a contract of sale for a mobile home park, within five days after entering into the contract, to (1) provide notice of the sale to each resident in the mobile home park by hand delivery or certified mail, return receipt requested, and the Department of Housing and Community Development by certified mail, return receipt requested and (2) post notice of the sale in a public area of the mobile home park. The measure also required an owner of a mobile home park to provide notice of any proposed rent increase no later than 60 days before the expiration of an existing lease agreement. The requirement to provide notice of a rent increase applied only to a rental agreement that has a term of at least one year that is offered for renewal for a term of at least one year.

Sales of Residential Property

New Home Sales Contracts

A contract for the initial sale of a new home must be contingent on the purchaser obtaining a written commitment for a loan secured by the property, unless the contract contains a provision expressly stating that it is not contingent. A new home is defined under the Maryland Home Builder Registration Act as a newly constructed residential dwelling and the fixtures that are part of the dwelling. If the contract is contingent on the purchaser obtaining a written commitment for a loan secured by the property, the contract must state the maximum loan interest rate the purchaser is obligated to accept.

Chapter 472 of 2015 expanded this standard contract provision by requiring that when a contract for the initial sale of a new home is contingent on the purchaser obtaining a written commitment for a loan secured by the property, the contract must contain a provision specifying the time period for obtaining such a commitment. If a purchaser does not obtain a written commitment for a loan in accordance with the terms of the contract, including terms relating to the time period for obtaining the written commitment, then on written notice, either party may declare the contract void and the seller must return to the purchaser any deposit paid under the contract. If the deposit is held by a licensed real estate broker, the deposit must be distributed in accordance with State law governing the distribution of money held in trust by a licensed real estate broker.

Resale of Residential Property – Deferred Water and Sewer Charges

Generally, a contract for the initial sale of improved residential real property to a member of the public who intends to occupy or rent the property for residential purposes is required to disclose the estimated cost, as established by the appropriate water and sewer authority, of any deferred water and sewer charges for which the purchaser may become liable. *Chapter 638 of 2016* extended similar disclosure requirements to a contract for the resale of certain residential real property.

Chapter 638 required a contract for the resale of residential real property that is served by public water or wastewater facilities, for which deferred water and sewer charges have been established by a recorded covenant or declaration, to contain a specified notice about the purchaser's obligation to pay the charges. If a violation of the notice requirement is discovered before settlement, the purchaser is entitled to rescind in writing the sales contract without penalty or liability. On rescission, the violation entitles the purchaser to the full return of any deposits made under the sales contract. If the violation is discovered after settlement, the purchaser is entitled to payment, from the seller, for the full amount of any fee or assessment not disclosed during the sale, unless the seller was never charged a fee or assessment by the developer, a successor of the developer, or a subsequent assignee. The notice provisions do not apply in a county that has adopted a substantially similar notice requirement.

Home Builder Requirements

Recreational Amenities in Prince George's County

Chapter 427 of 2010 established the requirement to provide a specified disclosure statement with any contract of sale for residential real property in Prince George's County that includes an agreement by the home builder to provide a "community amenity." **Chapter 778 of 2018** further required a home builder in Prince George's County to make a copy of any recreational facilities agreement recorded with the Prince George's County Planning Department available to prospective purchasers in the sales or management office of a community development. The Act also required a home builder in Prince George's County to display specified information in the sales or management office of the community development in a location visible to prospective purchasers.

Energy-efficient Options

Chapters 680 and 681 of 2018 required a home builder, prior to executing a contract for the initial sale of a new home, to provide written information to the purchaser about energy-efficient options, including a statement that tax credits may be available related to the energy-efficient options, that are available for installation in the home before construction of the home is completed. A contract for the initial sale of a new home must contain an acknowledgment that the home builder provided the purchaser with this same written information. The requirements applied only to a development that contains 11 or more new homes to be built by the same builder.

Recordation

Mortgages and Deeds of Trust

A deed, mortgage, or deed of trust may not be recorded unless it bears either (1) the certification of an attorney that the instrument has been prepared by an attorney or under an attorney's supervision or (2) a certification that the instrument was prepared by one of the parties named in the instrument. However, in recent times, these requirements have become unnecessary and burdensome for mortgages and deeds of trust for residential property because the

overwhelming majority of these instruments are prepared using secondary market uniform master forms that have been prepared by attorneys and are accepted nationwide and at the federal level. For commercial property, mortgages or deeds of trust are usually prepared by the lenders or their attorneys who may be admitted to the bar in other states and, at any rate, all parties are usually represented by counsel. Accordingly, *Chapters 520 and 521 of 2017* limited the applicability of the recordation requirements to only a deed other than a mortgage, deed of trust, or an assignment or release of a mortgage or deed of trust. The measures also expressly stated that a mortgage, deed of trust, or an assignment or release of a mortgage or deed of trust prepared by any attorney or one of the parties named in the instrument may be recorded without the required certification.

Address Confidentiality Programs – Shielding of Real Property Records

Generally, a custodian of a public record, including a deed transferring real property, must permit inspection of the record at a reasonable time. A custodian must deny inspection of a public record or any part of a public record if (1) the public record is privileged or confidential by law or (2) the inspection would be contrary to a State statute, a federal statute or regulation, the Maryland Rules, or an order of a court of record.

The Maryland Safe at Home Address Confidentiality Program for victims of domestic violence and the Human Trafficking Address Confidentiality Program (referred to collectively as ACP) are administered by the Office of the Secretary of State and serve victims of domestic violence and victims of human trafficking. ACP provides a substitute address for victims who have moved or are about to move to a new location unknown to their abuser in an effort to keep their perpetrators from finding them, and provides participants with confidential mail-forwarding service for first-class mail and legal papers.

Chapters 423 and 424 of 2018 authorized a participant in ACP to request the shielding of real property records under specified circumstances and established procedures for submitting such a request. The Acts also made multiple changes to both programs, including generally enabling a participant to use an address assigned by the Office of the Secretary of State as a substitute address, prohibiting a person from knowingly and intentionally seeking and obtaining a program participant's actual address or telephone number if the person has specific knowledge that the person is a program participant, and prohibiting a person who has received certain notice from knowingly disclosing the name, home address, work address, or school address of a program participant except under specified circumstances.

Maryland Uniform Real Property Electronic Recording Act

Chapter 234 of 2007 authorized the Administrative Office of the Courts (AOC) to establish a pilot program for electronic recording of instruments in the land records. The land records e-recording pilot was officially established in October 2014 as a collaborative effort by AOC, the Baltimore County Circuit Court Clerk's Office, the Baltimore County Department of Budget and Finance, and SDAT. The pilot project started in spring 2015 to allow customers to electronically record, or e-record, land record documents. In January 2016, the Court of Appeals of Maryland issued an order terminating the pilot program and authorizing the Land Record E-Recording Programs to be expanded to other circuit courts. As a result, Chapter 234 was automatically

abrogated. *Chapter 516 of 2018* established in statute uniform procedures for the electronic recording of real property records in the State. The Act defined terms, established requirements for electronic documents and signatures, and authorized SDAT or a county to accept specified electronic payments. The Act also required AOC to establish standards for processing and recording documents.

Unlawfully Restrictive Covenants – Modification or Deletion

Chapter 636 of 2018 authorized a person who holds an ownership interest in property, or a nonprofit entity that is required to enforce specified covenants within a defined residential neighborhood, to execute and record under certain circumstances a restrictive covenant modification to an “unlawfully restrictive covenant,” defined as any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin. The Act also required the governing body of an HOA, on or before September 30, 2019, to delete any recorded covenant or restriction that restricts ownership based on race, religious belief, or national origin from the common area deeds or other declarations of property in the development. The governing body may delete such covenants or restrictions without the approval of the lot owners. On or before September 30, 2019, a clerk may not collect specified fees for the recordation of a restrictive covenant modification or an amendment to HOA common area deeds or other declarations made under the Act.

Surcharges on Recordable Instruments

The clerk’s office of the circuit court in each county and Baltimore City is required to collect a surcharge on each recordable instrument that is recorded among the jurisdiction’s land records or financing statement records. A “recordable instrument” includes any deed, grant, mortgage, deed of trust, lease, assignment, and release that pertains to any interest in property or land, including an interest in rents and profits from rents. The surcharges are deposited into the Circuit Court Real Property Records Improvement Fund and used to support the personnel and operating costs of the land records offices as well as certain major information technology development projects of the Judiciary. Chapter 397 of 2011 temporarily increased the surcharge on all recordable instruments from \$20 to \$40. *Chapter 487 of 2015* extended the termination date of this increase, which was scheduled to terminate in 2015, for five years (through 2020). For an additional discussion of *Chapter 487*, see the subpart “Judges and Court Administration” of this Part F.

Actions to Quiet Title

The purpose of an action to quiet title is to determine conflicting claims to real property or remove a cloud on title to property. *Chapters 395 and 396 of 2016* established statewide rules of practice and procedure for actions to quiet title, modeled on provisions of the California Code of Civil Procedure. The measures were intended to bring greater uniformity and certainty to quiet title proceedings in Maryland and include provisions concerning the contents of the pleadings; service of a complaint on the defendants; delivery of a copy of the complaint to a holder of a

security instrument; the naming of defendants and joinder of other parties; and requirements for a hearing before a court and recordation of a judgement.

Burial Sites

Chapters 506 and 507 of 2018 clarified that if a property owner of a burial site, or land surrounding the site, grants access to the burial site in accordance with the terms of a signed “permission to enter” agreement, the property owner must, rather than may, grant the access. The Acts also established responsibilities for a person who enters land subject to that agreement. In addition, the Acts provided that an owner of a burial site or the land encompassing a burial site that has been in existence for more than 50 years and in which the majority of persons interred in the burial site have been interred for more than 50 years, must consult with the Director of the Maryland Historical Trust about the proper treatment of markers, human remains, and the environment surrounding the burial site. Advice provided by the Maryland Historical Trust is not binding on the owner of the burial site. Lastly, the Acts authorized the granting of a local property tax credit for an improvement to real property that substantiates, demarcates, commemorates, or celebrates a burial ground.

Estates and Trusts

Estate Administration

Waiver of Fees

Generally, registers of wills are entitled to charge and collect fees for the performance of specified duties, which include, among other things: taking probate of wills; furnishing certified copies of the will and codicils; granting letters of administration; furnishing certificates of letters as specified; issuing warrants to appraise; filing elections of surviving spouses to take intestate shares; and filing and recording wills, bonds, inventories, accounts of sale, releases, administration accounts, petitions, and orders. *Chapter 233 of 2018* authorized a register of wills to waive the fees for administration of an estate if the estate is unable to pay the fees by reason of poverty and the real property of the decedent is (1) to be transferred to an heir of the decedent who resides on the property or (2) encumbered by a lien and subject to a tax sale. *Chapter 233* was intended to implement one of the recommendations of the Task Force to Study Tax Sales in Maryland, which was established by *Chapters 615 and 616 of 2017*. For an additional discussion of the task force, see the subpart “Property Tax” of Part B – Taxes of this *Major Issues Review*.

Modified Administration

Modified administration accelerates the probate process by requiring the personal representative to file a verified final report no later than 10 months from the date of appointment instead of filing a formal inventory and account, as would be required under regular estate administration. Modified administration requires fewer and less extensive filings and can be significantly less costly and burdensome for an estate. However, a modified administration must

be revoked if, among other things, a personal representative fails to meet the statutory deadlines. Once revoked, the estate must proceed under the requirements of regular administration.

The initial time periods for filing a final report and for making distribution of the estate may be extended for 90 days upon the written consent of the personal representative and each interested person. Such consent must be filed in writing within 10 months from the date of appointment. *Chapter 30 of 2015* authorized a register of wills to grant an additional extension of up to 90 days if (1) the time periods were previously extended by consent and (2) a request for an extension of time, signed by the personal representative and consented to by each interested person, is delivered to the register of wills before the date for filing a final report.

In general, funeral expenses may be paid from the assets of an estate in the discretion of the court according to the condition and circumstances of the decedent. *Chapter 443 of 2015* specified that a court order is not required for funeral expenses paid out of an estate subject to modified administration if (1) the estate is solvent and (2) the personal representative includes the funeral expenses on the final report. The Act also increased the maximum allowance for funeral expenses that can be paid from an estate, whether or not it is subject to modified administration, from \$10,000 to \$15,000.

Exemption – Transfer of Motor Vehicle or Boat Title

Chapter 551 of 2018 authorized a decedent’s property consisting of up to two motor vehicles, or a boat or vessel with an appraised value of up to \$5,000, to be transferred to a surviving spouse without the requirement to administer the estate, under specified circumstances.

Donor Registration

Chapter 348 of 2015 required the clerks of the circuit courts and the registers of wills to make available to the public information about registering with the State donor registry.

Share of Intestate Estate – Surviving Spouse

Generally, any part of the 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. *Chapters 626 and 627 of 2017* increased the initial share of a decedent’s intestate estate that is inherited by a surviving spouse from \$15,000 to \$40,000. As a result, 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 surviving spouse’s share must be the first \$40,000 plus one-half of the remaining estate.

Personal Representatives and Guardians

Standby Guardians

Chapter 749 of 2018 authorized a parent of a minor to designate, in writing, an individual to serve as a standby guardian of the person or property of a minor in the event of an “adverse immigration action” against the parent. The authority of a standby guardian designated by a parent

begins on the standby guardian's receipt of evidence of an adverse immigration action against the parent and a copy of the parent's written consent to the beginning of the standby guardianship. The standby guardian designated by a parent must then file a petition for appointment as a standby guardian. The court must appoint the person to be a standby guardian if the court finds that there is evidence of an adverse immigration action and parental consent to the beginning of the standby guardianship has been given. The appointment of a standby guardian of a minor under the Act's provisions may not be construed to require the termination of parental rights with respect to the minor.

Authority to Fund Trusts and Accounts

Special or supplemental needs trusts are intended to hold funds for the benefit of a disabled individual for purposes other than those provided for by Medicaid or other public benefits, without affecting the individual's eligibility for the public benefits. A pooled asset special needs trust is a trust that collectively invests and manages funds of multiple individuals who are disabled, reducing the costs of trust administration. Achieving a Better Life Experience (ABLE) accounts serve a similar purpose.

Chapters 438 and 439 of 2016 furthered the State's policy of encouraging the use of special and supplemental needs trusts and accounts for disabled individuals by authorizing specified guardians and custodians, without a court order, to establish or fund, for the benefit of a minor or disabled person (1) a special needs trust; (2) a pooled assets special needs trust account; or (3) an ABLE account as authorized under federal law. If a minor or disabled person is "disabled," as defined under federal law, a guardian of the individual may pay for or apply income or principal from the estate to establish or fund, for the benefit of the minor, one of the specified trusts or accounts. If a minor is disabled, a custodian of the minor's property under the Maryland Uniform Transfers to Minors Act may use all or part of the custodial property to establish or fund, for the benefit of the minor, one of the specified trusts or accounts.

Incapacity

A court must appoint a guardian with respect to the estate of a person if the court determines that the person is unable to manage his property and affairs effectively because of physical or mental disability, disease, habitual drunkenness, addiction to drugs, imprisonment, compulsory hospitalization, detention by a foreign power, or disappearance and the person has or may be entitled to property or benefits which require proper management. *Chapter 666 of 2017* altered the definition of "incapacity" as defined under the Maryland Trust Act and modified the conditions under which a court must appoint a guardian of the property of a minor or a disabled person. Specifically, *Chapter 666* repealed the condition of "confinement" as one of the circumstances in which a court must appoint a guardian of the property of a minor or disabled person and also repealed "confinement" as an element of the definition of incapacity under the Maryland Trust Act. Although there are several possible meanings for the term "confinement," in this context, the term most likely referred to pregnancy and childbirth.

Attorney’s Fees and Compensation

An interested person may petition a court for the appointment of a guardian of the person of a disabled adult. *Chapter 400 of 2015* authorized a court, on the filing of a petition for attorney’s fees made in reasonable detail by an interested person or an attorney employed by the interested person, to order payment of reasonable and necessary attorney’s fees incurred in bringing a petition for appointment of a guardian of the person of a disabled person to be paid from the estate of the disabled person. A court may not award attorney’s fees if the petition for guardianship is brought by (1) a governmental agency paying benefits to the disabled person; (2) a local department of social services; or (3) an agency eligible to serve as the guardian of the disabled person.

Chapters 390 and 391 of 2016 required that, when determining the “available income” of a Medicaid recipient who is a disabled person and has a guardian, the Maryland Department of Health must include as part of the personal needs allowance guardianship fees payable for guardianship services. For a more detailed discussion of *Chapters 390 and 391*, see the subpart “Social Services” within Part J – Health and Human Services of this *Major Issues Review*.

Temporary Guardianship and Revocation of Advance Directives

Chapter 412 of 2015 authorized a court to appoint a guardian of the person of a disabled person for a limited period of time if it appears probable that the disability will end within one year of the appointment of the guardian. The Act also permitted a declarant to elect, in an advance directive, to waive the right to revoke any part or all of the advance directive, including the appointment of an agent, during a period in which the declarant has been certified as being incapable of making an informed decision by the individual’s attending physician and a second physician.

Voluntary Admission to Mental Facility

Generally, a disabled person for whom a guardian has been appointed may not be committed to a mental facility without the proper involuntary commitment proceeding as required by law. *Chapter 760 of 2018* (1) authorized a disabled person to apply for voluntary admission to a facility for the treatment of a mental disorder and (2) set standards and criteria for a facility to accept a disabled person for voluntary admission. For a further discussion of *Chapter 760*, see the subpart “Public Health – Generally” of Part J – Health and Human Services of this *Major Issues Review*.

Visitation

While guardians of the person of a disabled person have general authority to direct the activities of a disabled person, prior to 2018 there was no State statute delineating a guardian’s authority to restrict or prohibit communication or visitation with adult family members or other individuals. *Chapter 287 of 2018* authorized a court, when appointing a guardian of a person of a disabled person, to require, as part of the guardian’s duties, the duty to foster and preserve family relationships if it is in the best interest of the disabled person. This includes, as appropriate,

assisting to arrange visitation and communication by telephone calls, personal mail, and electronic communications.

Transfers to Minors

The Maryland Uniform Transfers to Minors Act (MUTMA) allows property to be irrevocably transferred to a custodian for the benefit of a minor until the minor reaches age 18 or 21. Under the MUTMA, on petition of an interested person or the minor if the minor is at least age 14, a court may order a custodian to take certain actions or remove a custodian for cause. *Chapter 298 of 2018* authorized a court adjudicating a claim under the MUTMA, at any point during a proceeding, to (1) order a party to the proceeding to reimburse or pay to the other party an amount for the reasonable and necessary expense of prosecuting or defending the proceeding; (2) order that counsel fees awarded be paid directly to the lawyer; and (3) enter judgment in favor of the lawyer. Before ordering payment, the court must consider the financial resources and financial needs of both parties and whether there was substantial justification for prosecuting or defending the proceeding.

Digital Assets

Chapters 364 and 365 of 2016 established the Maryland Fiduciary Access to Digital Assets Act. The Acts addressed fiduciaries' access to digital assets (broadly defined to include any electronic record in which an individual has a right or interest) by specifying the types of fiduciaries who are permitted access, the rights of fiduciaries, and the procedures for fiduciaries to gain access to digital assets. Under the Acts, the custodian of a user's digital assets may provide an online tool, separate from the general terms-of-service agreement, to provide for disclosure or nondisclosure of some or all of the digital assets, including the content of electronic communications, to a third party. If the online tool allows the user to modify or delete a direction at any time, the online tool overrides a contrary direction in a will, trust, power of attorney, or other record. If the user does not use an online tool to give direction or if the custodian fails to provide an online tool, the user may, in a will, trust, power of attorney, or other record, allow or prohibit disclosure to a fiduciary of some or all of the user's digital assets, including the content of electronic communications sent or received by the user. A direction by one of these methods overrides a contrary provision in a terms-of-service agreement, if the terms-of-service agreement does not require the user to act affirmatively and distinctly from the user's assent to the terms of service. The Acts do not apply to a digital asset of an employer used by an employee in the ordinary course of the employer's business.

Trusts

Legislation enacted in 2014 established the Maryland Trust Act. The Act partially codified the existing statutory and case law in Maryland governing trusts at that time while introducing certain changes and modifications based largely on the Uniform Trust Code drafted by the National Conference of Commissioners on Uniform State Laws. From 2015 to 2018, the General Assembly adopted a number of changes to the Maryland Trust Act.

Revocable Trusts

Revocable trusts are sometimes used as an alternative to wills, because they can provide for the disposition of assets immediately upon the death of the settlor. Unlike assets distributed through a will, assets distributed through a revocable trust on the death of a settlor pass outside of probate. The period from 2015 to 2018 saw the passage of several laws aimed at treating revocable trusts more like wills.

Unless otherwise specified in statute, a claim by a creditor against an estate of a decedent is barred against an estate, a personal representative, and an heir or legatee unless brought within a specified period of time. As originally enacted, however, the Maryland Trust Act did not include similar limitations on claims against property held in a revocable trust. *Chapter 100 of 2015* addressed this issue by establishing that, whether or not the terms of a trust contain a spendthrift provision, if a proceeding (other than for a small estate) is commenced to administer the estate of a deceased settlor, the property of a trust that was revocable at the death of the settlor is not subject to, and the trustee and beneficiaries of that trust may not be held liable for, claims of the creditors that are not properly presented in the estate proceeding within a specified period of time.

As originally enacted, the Maryland Trust Act provided no certain limitation period for contesting the validity of a revocable trust following the settlor's death. Depending on the nature of the action brought and whether the trust instrument was executed "under seal," the limitations period could run between 3 and 12 years. In contrast, a caveat proceeding to contest the validity of a will must generally be brought within 6 months after the appointment of a personal representative. *Chapters 256 and 257 of 2018* established a shorter and more certain time limit for contesting the validity of a revocable trust. Under the Acts, a person must commence a judicial proceeding within the earliest of (1) 1 year after the death of the settlor or (2) 6 months after the trustee sends the person a copy of the trust instrument and a notice informing the person of the existence of the trust, the name and address of the trustee, and the time allowed for commencing a proceeding.

A will, or any part of it, is revoked by an absolute divorce of a testator and the spouse or the annulment of their marriage. All provisions in the will relating to the spouse, and only those provisions, must be revoked unless otherwise specified in the will or decree. *Chapter 270 of 2016* established similar rules for revocable trusts. The Act provided that, unless otherwise specified, on the absolute divorce of the settlor and the settlor's spouse or annulment of their marriage (1) the terms of a settlor's trust relating to trust distributions to or for the benefit of the settlor's former spouse are automatically revoked; (2) the settlor's former spouse, if serving as a trustee or an advisor to the trustee of the settlor's trust, must be removed without further court action; and (3) the settlor's former spouse may not serve as a trustee or an advisor to the trustee of the settlor's trust or exercise any trust or fiduciary powers related to the settlor's trust.

Governing Law of Trust Provisions

Chapters 258 and 259 of 2018 specified that the meaning and effect of the terms of a trust are determined by the law of the jurisdiction as designated by the settlor, unless the designation of the law of that jurisdiction is contrary to a strong public policy of the jurisdiction having the most

significant relationship to the matter at issue. If the terms of the trust do not contain a controlling designation, the meaning and effect of the terms of a trust are determined by the law of the jurisdiction that has the most significant relationship to the matter at issue.

Nonjudicial Settlement Agreements

Chapters 221 and 222 of 2016 authorized “interested persons” (persons whose consent would be required in order to achieve a binding settlement were the settlement to be approved by a court) to enter into a binding nonjudicial settlement agreement with respect to specified matters involving a trust, provided the settlement agreement does not violate a material purpose of the trust. The settlement agreement must include terms and conditions that may be properly approved by a court under existing law. An interested person may request a court to determine whether representation by an authorized representative was adequate and whether the agreement contains terms and conditions that a court may properly approve.

Representation of Beneficiaries

Chapters 562 and 563 of 2016 expanded the categories of persons authorized to represent and bind beneficiaries of a trust with respect to a particular question or dispute to include a grandparent or more remote ancestor of the following individuals provided they are not otherwise represented: (1) a minor; (2) an incapacitated individual; (3) an unborn individual; (4) an unknown individual; or (5) an individual whose location is unknown and not reasonably ascertainable. The Acts also allowed a minor, an incapacitated or unborn individual, or an individual whose identity is unknown and not reasonably ascertainable, to be represented and bound by a representative with a substantially identical interest in a trust with respect to a particular question or dispute, but only to the extent that the representative has no conflict of interest with the individual being represented with respect to the question or dispute.

Chapters 354 and 355 of 2017 authorized a settlor of a trust under the Maryland Trust Act to (1) designate one or more persons to serve as a representative or successor representative of a beneficiary of the trust; (2) designate one or more other persons who may in turn designate a representative or successor representative of a beneficiary of the trust; and (3) specify the order of priority among those persons. The Acts prohibited, except in specified circumstances, a person designated under the Acts from serving as a representative of a beneficiary of a trust if the person also serves as a trustee of the same trust. This prohibition may not be overridden by the terms of a trust.

Actions for Breach of Trust

Chapters 260 and 261 of 2018 prohibited a beneficiary of a trust from instituting an action for breach of trust against a trustee more than one year after the date that the beneficiary or the representative of the beneficiary is sent a report that (1) adequately discloses the existence of a potential claim for breach of trust and (2) informs the beneficiary or the representative of the beneficiary of the time allowed for bringing a judicial action. A report that adequately discloses the existence of a potential claim for breach of trust provides sufficient information so that the beneficiary or representative knows of the potential claim or should have inquired into the

existence of the claim. The Acts did not limit the time for bringing an action against a trustee for breach of trust committed in bad faith or with reckless indifference to the purposes of the trust or the interests of the beneficiaries.

Part G

Transportation and Motor Vehicles

Transportation

Highway User Revenues

History of Highway User Revenues as Local Transportation Aid

Since the early 1900s, the State has shared motor vehicle-related revenues with the counties and Baltimore City. Legislation enacted in 1970 created the Maryland Department of Transportation (MDOT) and a consolidated Transportation Trust Fund (TTF). As provided by that legislation, the State shares with the counties, Baltimore City, and municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA) in the TTF, commonly referred to as “highway user revenues.” The revenues include all or some portion of the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax.

Historically, highway user revenues have been distributed to (1) TTF for MDOT’s capital program, debt service, and operating costs and (2) the counties, Baltimore City, and municipalities to assist in the development and maintenance of local transportation projects. In fiscal 2009, prior to budget reconciliation legislation reducing the local share of highway user revenues to help balance the budget, the \$1.6 billion in highway user revenues were distributed as follows:

- \$1.1 billion (70%) to MDOT;
- \$187.6 million (12.06%) to Baltimore City;
- \$239.4 million (15.38%) to counties; and
- \$39.8 million (2.56%) to municipalities.

In response to the ongoing budget crisis, the Budget Reconciliation and Financing Act of 2010 (Chapter 484) significantly reduced the share of highway user revenues distributed to the counties and municipalities to allow a portion of the revenues to be allocated to the general fund for budget relief. In accordance with Chapter 484, in fiscal 2011, the \$1.6 billion in highway user revenues were distributed as follows:

- \$1.1 billion (68.5%) to MDOT;
- \$377.1 million (23.0%) to the general fund;
- \$129.5 million (7.9%) to Baltimore City;
- \$8.2 million (0.5%) to counties; and
- \$1.6 million (0.1%) to municipalities.

The next year, the Budget Reconciliation and Financing Act of 2011 (Chapter 397) began to phase out the relationship between highway user revenues and the general fund, reducing the distribution of highway user revenues to the general fund in fiscal 2012 and ended the distribution to the general fund in fiscal 2013. Beginning in fiscal 2013, highway user revenues were distributed as follows: (1) 90.4% to MDOT; (2) 7.7% to Baltimore City; (3) 1.5% to counties; and (4) 0.4% to municipalities.

Local Government Reporting

Baltimore City and each county and municipality that receives local highway user revenues is required to submit an accounting report by January 1 of each year detailing how highway user revenues were spent in the previous year and are planned to be spent in the upcoming year. *Chapter 286 of 2015* modified the reporting process by requiring local jurisdictions to submit the required data to the State Highway Administration (SHA), rather than to the Governor and specified legislative committees, and required SHA to compile, analyze, and submit the reported information to the Governor and General Assembly. SHA was prohibited from distributing highway user revenues to any local jurisdiction that has not submitted its required annual report.

Local Government Share of Highway User Revenues

In each legislative session of the 2015-2018 term, numerous bills to increase the local government share of highway user revenues were proposed; until the 2018 legislative session, each bill failed. The failed bills attempted to increase the local share in various ways, including (1) altering the distribution formula; (2) diverting a portion of the tax revenue that accrues to GMVRA directly to local governments; (3) requiring certain tax revenues that accrue directly to TTF to instead be credited to GMVRA; and (4) setting a minimum amount that must be distributed to local governments each year.

Chapters 330 and 331 of 2018 increased the local government share of highway user revenues for fiscal 2020 through 2024 and altered the manner in which the revenues are shared. The Acts require 100% of the funds in GMVRA to be retained by TTF beginning in fiscal 2020. Also beginning that year, instead of directly sharing GMVRA revenue with local governments, MDOT must provide capital transportation grants to local governments based on the amount of revenue allocated to GMVRA. The grants, however, continue to be considered highway user revenues.

From fiscal 2020 through 2024, amounts equivalent to 13.5% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%). Beginning in fiscal 2025, amounts equivalent to 9.6% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this is equivalent to the current GMVRA distribution to localities. The capital grants may only be appropriated if all debt service requirements and MDOT operating expenses have been funded and sufficient funds are available to fund the capital program.

WMATA Funding and Governance

The Washington Metropolitan Area Transit Authority (WMATA) was established in 1967 through an interstate compact among Maryland, Virginia, and the District of Columbia. The original purpose was construction and operation of a rapid rail transit system for the Washington metropolitan area. In 1973, WMATA purchased the assets of four major private bus companies operating in the area. Maryland's overall participation in the Washington metropolitan transit system consists of the provision of annual funding to WMATA for capital and operating costs of the Metrorail, Metrobus, and MetroAccess systems.

WMATA Safety Commission

The federal Moving Ahead for Progress in the 21st Century Act (MAP-21), enacted in 2012, included provisions granting the Federal Transit Administration (FTA) new regulatory and enforcement responsibilities with respect to the federal State Safety Oversight (SSO) Program. MAP-21 and the SSO Program require states (or, in the case of the WMATA Compact, Maryland, Virginia, and the District of Columbia) to, among other things, (1) designate an agency that is a legal entity of the state and financially and legally independent from the rail system it oversees and (2) obtain authority for the designated agency to oversee and enforce safety standards for each rail system in its jurisdiction.

After the enactment of MAP-21, FTA determined that the designated safety agency covering WMATA (the Tri-State Oversight Commission (TOC)) was not in compliance with MAP-21's requirements because TOC had no regulatory or enforcement authority over WMATA. The three WMATA jurisdictions were given a February 9, 2017 deadline to establish and designate a safety agency that meets MAP-21's requirements. On February 10, 2017, FTA notified the jurisdictions that, until the SSO Program for WMATA rail operations was certified, 5% of federal transit formula funding for each jurisdiction would be withheld.

The District of Columbia and Virginia each passed the required safety commission legislation in February 2017. In Maryland, identical legislation was enacted as *Chapter 3 of 2017*, which established the Metrorail Safety Commission (MSC) and designated it as the safety agency for WMATA rail. Chapter 3 provided that two members from each signatory jurisdiction make up the MSC Board of Directors. The Act also enumerated the safety oversight powers, general powers, funding mechanisms, and other general provisions for MSC. *Chapters 351 and 352 of 2017* established the selection process for Maryland's members on the MSC Board of Directors.

Funding

WMATA's operations are funded through operating revenues and subsidies provided by the compact signatories: Maryland, Virginia, and the District of Columbia. Since fiscal 2012, WMATA has seen a decline in ridership, resulting in decreased operating revenues. Service quality and reliability issues, combined with the disruptions caused by WMATA's SafeTrack maintenance initiative, are cited as leading factors in the decline in ridership. WMATA instituted fare increases and a reduction of service for fiscal 2018 in order to address the decrease in operating revenues.

In April 2017, WMATA released a report, *Keeping Metro Safe, Reliable, and Affordable*, which proposed a number of changes to WMATA funding and operations. The report called for the compact signatories to establish a "stable revenue source to generate \$500.0 million per year" for capital projects in addition to current capital funding. The report stated that WMATA had \$25.0 billion in unfunded capital needs and needed \$15.5 billion over 10 years for its most critical capital projects. Additionally, the report noted that, without a change to WMATA's business model, operating subsidies from compact signatories would continue to increase. WMATA's six-year capital program is composed of mostly state, local, and federal funds. General parameters on WMATA's base capital funding levels are typically established in a six-year Capital Funding Agreement developed through negotiations between WMATA and its local funding partners.

In response to WMATA's request, *Chapters 351 and 352 of 2018* mandated additional capital funding for WMATA, contingent on Virginia and the District of Columbia also providing additional capital funding, in two ways. First, the Acts required the Governor to include in the State budget an appropriation of \$167 million from the funds available in the State capital program for TTF. Second, the Acts required an annual increase of 3% to the State's base capital subsidy to WMATA. The earliest that this mandated capital funding can take effect is fiscal 2020.

The Acts also required the Governor to withhold (1) a portion of the State's capital funding to WMATA if WMATA receives a modified audit opinion as a result of an annual independent audit and MDOT has not certified that WMATA has submitted a satisfactory corrective plan that addresses the reasons for the audit opinion and (2) a portion of the State's operating funding to WMATA if WMATA's nonessential spending increases by more than 3% compared to the previous year.

In addition, under the Acts, WMATA is required to complete a study of various aspects of its operations and increases in capital and operational funding for the Maryland Transit Administration (MTA) is mandated for three years.

Board Membership

The Metro Board of Directors is responsible for determining WMATA policy and overseeing the funding, operation, and expansion of WMATA transit facilities. Maryland, Virginia, the District of Columbia, and the federal government each appoint two voting and two alternate members.

Chapters 353 and 354 of 2018 required one of Maryland’s two principal board members to be the Secretary of Transportation or a designee of the Secretary who meets specified qualifications. The Acts also encouraged each signatory of the WMATA Compact to support reform of WMATA’s governance structure to improve efficiency, accountability, and effectiveness of WMATA’s performance, oversight, safety, accessibility, environmental quality, economic development, and quality of life in Maryland and provided examples of the types of reforms that might be appropriate.

Maryland Transit Administration Farebox Recovery

MTA operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, metro subway, commuter buses, Maryland Area Regional Commuter (MARC) trains, and mobility/paratransit vehicles.

Chapters 16 and 24 of 2017 repealed the requirement that MTA recover at least 35% of its total operating costs from fares and other operating revenues derived from its bus, light rail, and metro subway services in the Baltimore region, as well as other railroad services under its control (commonly referred to as the farebox recovery ratio).

State Transportation and Project Planning

Transportation Project Scoring

Long-term transportation planning in the State is a collaborative process designed to consider input from the public, local jurisdictions, metropolitan planning organizations, and elected officials. Amid the numerous reports that are written and the meetings and discussions that take place, two important documents are developed to guide transportation planning in the State: the *Consolidated Transportation Program (CTP)* and the *Maryland Transportation Plan (MTP)*. *Chapter 36 of 2016*, also known as the Maryland Open Transportation Investment Decision Act, made significant changes to the transportation planning process in the State by establishing (1) State transportation goals and (2) measures that must be used to evaluate whether and to what extent certain transportation projects meet the State transportation goals. It also required MDOT to develop a project-based scoring system using the goals and measures. *Chapter 36* required MDOT to generally prioritize projects with higher scores for inclusion in the CTP over projects with lower scores.

The CTP is MDOT’s six-year budget for the construction, development, and evaluation of transportation capital projects; the CTP is revised annually to reflect updated information and

changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year in which it is issued and for the next five fiscal years, including (1) an expanded description of major capital projects; (2) a detailed breakdown of the costs of a project with project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and (3) MDOT's estimates of the source (*i.e.*, federal funds, special funds, etc.) and amount of revenues required to fund each project. **Chapter 36** also required the CTP to include the manner in which each transportation project was evaluated and ranked, if applicable.

The MTP is a 20-year forecast of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It is revised every 5 years through an inclusive public participation process, and it must be expressed in terms of goals and objectives and include a summary of the types of projects and programs that are proposed to accomplish the goals and objectives, using a multimodal approach when feasible. The MTP was last updated in 2014 and does not yet contain the transportation goals established by **Chapter 36**.

Chapter 30 of 2017 altered the provisions of **Chapter 36**. **Chapter 30** maintained the requirement that MDOT develop a project-based scoring system, but eliminated the requirement that the scoring system be used to develop the CTP. Instead, the Act required that the scoring system be used to create a model to rank major transportation projects being considered for inclusion in the CTP based on the State transportation goals. A deadline of January 1, 2018, was set for development of the model along with a requirement that the model and any ranking determined using the model be made available to the public. **Chapter 30** also established the Workgroup on the Maryland Open Transportation Investment Decision Act, which is responsible for evaluating the model developed by MDOT and studying prioritization processes used by other states.

Maryland Transit Administration Safety Commission

As discussed in the "WMATA Safety Commission" section of this subpart, MAP-21 requires states to designate an agency that is a legal entity of the state and financially and legally independent from the rail system in the jurisdiction. FTA determined that the designated agency covering MTA was not in compliance with MAP-21 because it did not have explicit statutory authority. **Chapter 112 of 2017** designated the Office of the Secretary of Transportation as the State Safety Oversight Authority for MTA's light rail transit system and metro subway in accordance with federal law.

Maryland Transit Administration Funding

In addition to mandating additional capital funding for WMATA, **Chapters 351 and 352 of 2018** mandated additional capital and operating funding for MTA for fiscal 2020 through 2022, required MTA to develop a Central Maryland Regional Transit Plan and staff a related commission, and required WMATA to study numerous aspects of its operations. TTF expenditures increase by \$4.3 million in fiscal 2019, reflecting costs incurred by MDOT to pay for the required WMATA study (\$1.0 million) and costs incurred by MTA to (1) perform an initial capital needs

assessment (\$750,000) and (2) staff the Central Maryland Regional Transit Plan Commission and begin developing the Central Maryland Regional Transit Plan (\$2.5 million).

The increase in capital appropriations for MTA has no net effect on MDOT’s total capital spending; as this grant increases, other capital projects in the program receive less funding. However, the increase in TTF operating expenditures resulting from the Acts in fiscal 2019 and the increase in operating appropriations mandated for MTA from fiscal 2020 through 2022, require MDOT to reduce its bond issuances by \$25 million from fiscal 2019 through 2022. This reduction results in debt service savings of \$5 million over the same period.

Public-private Partnerships

Chapter 830 of 2018 clarified the circumstances under which the State may provide compensation to a private entity that is a party to a public-private partnership (P3) if another project results in a documented revenue loss for the private entity. It further clarifies that a P3 agreement for a project involving road, highway, or bridge assets may not include a noncompete clause that would inhibit the planning, construction, or implementation of State-funded transit projects. For a more detailed discussion of this issue, see the subpart “Procurement” within Part C – State Government of this *Major Issues Review*.

Private Transportation Projects

House Bill 548 of 2018 (passed) would have prohibited a privately owned transportation project in the State that includes the construction of one or more tunnels with a diameter of six feet or greater that would be primarily used by a common carrier from being constructed, and prohibited the State from authorizing the use of or access to a State-owned right-of-way or State property for those projects, unless (1) an environmental impact statement or environmental effects report is prepared for the project, as appropriate, and (2) the project is approved by MDOT. The bill would have likely affected the hyperloop and magnetic levitation projects currently under development. The bill was vetoed by the Governor, however.

New Transportation Initiatives

Job Access and Reverse Commute Program

Chapter 793 of 2018 established the Job Access and Reverse Commute Program in MTA. Under the program, MTA is authorized to make grants to providers, which may be nonprofit organizations, local transit systems, or employers, that connect “targeted populations” with “targeted employment areas” through job access and reverse commute projects. Targeted employment area means an area that has recently experienced a significant growth in employment opportunities in specified sectors. Targeted population means individuals who (1) reside in low-income areas, as determined by MTA; (2) have limited or no access to the use of a personal vehicle; and (3) reside in areas with limited access to fixed route transit service. The Act provided that funds for the program will be as provided by the Governor in the State budget, not to exceed \$400,000 annually.

The program is modeled after a FTA grant program of the same name that is no longer funded at the federal level; however, some of the grant funding is provided through a separate FTA grant program. The State receives about \$1.8 million less under this grant program than it did through the original program.

Free Ridership for Baltimore City Students

MTA provides transit services for Baltimore County Public School (BCPS) students under a contract with the Baltimore City Board of School Commissioners. Students participating in the ridership program are issued nontransferable monthly passes, which allow the use of MTA buses, metro, and light rail systems at no cost, from 5 a.m. through 6 p.m. on school days. MTA is reimbursed quarterly by BCPS based on how often students use the service. BCPS pays approximately \$6.0 million annually for the services.

The Budget Reconciliation and Financing Act of 2017 limited MTA's authority to charge Baltimore City for costs associated with providing transit services to BCPS students to no more than \$5.5 million for the 2017-2018 school year, and authorized Baltimore City to use its highway user revenues to pay these costs.

Chapter 785 of 2017 required MTA to provide ridership on transit vehicles for eligible BCPS students from fiscal 2019 through 2021 and prohibited MTA from collecting any fees or reimbursement for providing the services. The services must be provided between 5 a.m. and 8 p.m. and may only be used for school-related or educational extracurricular activities.

Complete Streets Policies and Grants

Complete Streets policies are generally considered policies that guide transportation network planning, construction, and maintenance to encourage the use of multiple modes of transportation, such as walking, bicycling, public transportation, and cars.

Chapters 717 and 718 of 2018 established a requirement that SHA, the Maryland Aviation Administration, and MTA adopt and implement complete streets policies for the State's highways, airport facilities, and transit facilities. The Acts defined a complete streets policy as a policy that provides information for the implementation of design features that accommodate and facilitate safe and convenient access and mobility to transportation facilities by all users, including bicyclists, motorists, pedestrians, and public transportation users.

Chapters 721 and 722 of 2018 established the Complete Streets Program as a competitive matching grant program within MDOT. Funds for the program are as provided by the Governor in the State budget. Local governments that develop complete streets policies and are certified by MDOT may apply for grants from the program to finance the design and planning of eligible projects, which are projects that include the addition of or significant repair to facilities that provide access for users of multiple modes of transportation.

Motor Vehicles

Impaired Driving

Administrative *Per Se* Sanctions Increase

According to data from the National Highway Traffic Safety Administration (NHTSA), nationally the percentage of highway fatalities associated with alcohol impairment hovered around 30% from 1995 through 2016. For example, in 2016, there were 37,461 traffic fatalities nationally, and 10,497 of those fatalities, or 28%, involved a driver with a blood alcohol concentration (BAC) of 0.08 or higher. For the same period in Maryland, out of a total of 505 traffic fatalities, 130, or 26%, involved a driver with a BAC of 0.08 or higher. Driving while under the influence of alcohol *per se* is defined as having an alcohol concentration, at the time of testing, of 0.08 or more as measured by grams of alcohol per 100 milliliters of blood or grams of alcohol per 210 liters of breath.

Chapter 247 of 2015 increased the administrative *per se* sanctions that must be imposed on a person who is stopped or detained on suspicion of committing an alcohol-related driving offense if test results indicate a BAC of 0.08 up to 0.15 or 0.15 or greater and the person was involved in a motor vehicle accident that resulted in the death of another person.

Chapter 247 also expanded the issues that may be considered on administrative appeal of an administrative *per se* sanction to include whether the person was involved in a motor vehicle accident that resulted in the death of another person. It also clarified that, once a license suspension or revocation order becomes effective, the Motor Vehicle Administration (MVA) must suspend or revoke the license, as specified. MVA was authorized to issue a restrictive license to a person for an imposed license suspension period or reinstate a license that has been revoked under the Act for the purpose of participating in the Ignition Interlock System Program.

Mandatory Participation in Maryland's Ignition Interlock Program

The proportion of traffic fatalities for which alcohol impairment is a contributing factor concerns traffic safety advocates. Accordingly, NHTSA has recommended that states increase the use of ignition interlock devices to address the problem of alcohol-impaired driving.

An ignition interlock device connects a motor vehicle's ignition system to a breath analyzer that measures a driver's BAC. The device prevents the car from starting if the driver's BAC exceeds a certain level. The device also periodically retests the driver after the motor vehicle has been started. According to the National Conference of State Legislatures, all 50 states and the District of Columbia authorize or mandate the use of an ignition interlock device to deter alcohol-impaired driving. The Maryland Ignition Interlock System Program (IISP) was established through regulation in 1989 and codified by Chapter 648 of 1996. MVA is responsible for administering IISP.

IISP has undergone changes that have increased the number of alcohol-impaired drivers who are either mandated or authorized to participate in IISP. Among other provisions, Chapter 557

of 2011 established a minimum six-month participation period for specified alcohol-related driving offenses, including for alcohol restriction violations committed by drivers younger than age 21. Chapter 631 of 2014 established mandatory participation for alcohol-related offenses involving the transport of a minor younger than age 16.

Chapter 512 of 2016 extended mandatory participation in IISP to individuals who are:

- convicted for the first time of driving while under the influence of alcohol or under the influence of alcohol *per se*;
- convicted of impaired driving or driving while impaired by a drug, any combination of drugs, or a combination of one or more drugs and alcohol, and who refused a BAC test in connection with the incident that led to the conviction;
- convicted of homicide by motor vehicle or vessel while under the influence of alcohol, impaired by alcohol, or impaired by a combination of one or more drugs and alcohol; or
- convicted of causing life-threatening injury by motor vehicle or vessel while under the influence of alcohol, impaired by alcohol, or impaired by a combination of one or more drugs and alcohol.

Chapter 512 increased mandatory license suspension periods imposed on a person who is stopped or detained on suspicion of committing an alcohol-related driving offense, if a test result indicates a BAC of 0.08 or higher, or if the person refuses a test.

Chapter 512 also codified regulations finalized in March 2016 that allow a person who is detained on suspicion of committing an alcohol-related driving offense and either refuses a requested test or has a test result of 0.08 BAC or higher to elect to participate in IISP immediately instead of requesting an administrative hearing to dispute the charge. Prior to the regulations, only drivers with test results of 0.15 or higher could opt into IISP in this manner. There was no similar opt-in procedure for drivers with BAC test results at or above 0.08 but under 0.15, thus delaying entry into IISP until after a hearing. **Chapter 512** further encouraged participation in IISP by repealing restrictions on where certain repeat alcohol offenders can drive while participating in the program.

Evidence of Blood Test

In criminal prosecutions for various alcohol- or drug-related driving offenses in which a blood test is to be offered in evidence, a defendant had been able to require the presence at trial of the qualified medical person who withdrew the blood sample. **Chapter 630 of 2016** altered this evidentiary rule by establishing that testimony from a law enforcement officer that the officer witnessed the taking of the blood specimen and reasonably believed the person was a qualified medical person is sufficient evidence, without testimony from the qualified medical person, that the person was a qualified medical person and that the blood was obtained in compliance with State law.

Negligent Driving

Chapters 517 and 518 of 2016 increased, for certain subsequent offenders, the maximum periods of incarceration and fines for all homicide, manslaughter, and life-threatening injury by motor vehicle or vessel offenses. Specifically, penalties increased for those who commit the following violations: (1) manslaughter by vehicle or vessel – gross negligence; (2) manslaughter by vehicle or vessel – criminal negligence; (3) homicide by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol *per se*; (4) homicide by motor vehicle or vessel while impaired by alcohol; (5) homicide by motor vehicle or vessel while impaired by drugs; (6) homicide by motor vehicle or vessel while impaired by a controlled dangerous substance (CDS); and (7) causing life-threatening injury by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol *per se*, or while impaired by alcohol, drugs, or a CDS. Under the Acts, a person who commits any of the specified offenses, after having previously been convicted of committing that same offense or any of the other specified offenses, is subject to the enhanced penalties.

Enforcement

Race-based Traffic Stop Reporting

Generally, law enforcement agencies are required to adopt a policy against race-based traffic stops to be used as a management tool to promote nondiscriminatory law enforcement as well as in the training and counseling of officers. The policy must specifically prohibit using an individual's race or ethnicity as the sole reason to initiate a traffic stop. Statutory provisions that required data collection and reporting of racial data in connection with any law enforcement practices, including traffic stops, in Maryland had been established by Chapter 173 of 2011, but expired as of June 30, 2014.

Chapter 127 of 2015 restored the data collection and reporting program related to race-based traffic stops for a five-year period. Each law enforcement agency in the State must collect specified data on all traffic stops.

Law enforcement officers must record specified information in connection with each traffic stop, including the driver's race and ethnicity, to evaluate the manner in which the vehicle laws are being enforced. Each law enforcement agency is required to compile the data collected by its officers and submit an annual report to Maryland Statistical Analysis Center (MSAC) by March 1 of each year reflecting the previous calendar year. The Act's provisions do not apply to a law enforcement agency that is subject to an agreement with the U.S. Department of Justice (DOJ) requiring similar data collection, but these agencies are required to provide copies of the reports made to DOJ.

MSAC is charged with analyzing the data based on a methodology developed in consultation with the Maryland Police Training and Standards Commission. By September 1 of each year, MSAC must issue a report to the Governor and the General Assembly as well as to each law enforcement agency.

Motorcycles at Motor Vehicle Checkpoints

It is a well-settled principle of constitutional law that police have the authority to set up roadblocks or checkpoints to enforce traffic laws and regulations, as long as the purpose of the checkpoints or roadblocks complies with the Fourth Amendment and the Fourteenth Amendment guarantees against unreasonable search and seizure. *Chapter 287 of 2015* prohibited a police officer from targeting only motorcycles for inspection and evaluation at a motor vehicle checkpoint. *Chapter 287* established an exception to this prohibition if the targeting of motorcycles is appropriate at a police checkpoint established as part of a police search or investigation. The Act also established that a person's duty to obey a lawful order or direction of a police officer may not be construed to authorize a police officer to target motorcycles for inspection and evaluation at a motor vehicle checkpoint, unless the checkpoint is part of a police search or investigation.

School Bus Camera Violations

According to a 1-day survey of bus drivers conducted by the Maryland State Department of Education in April 2016, there were 4,326 incidents involving vehicles passing a stopped school bus with its flashing red lights illuminated, a significant increase over the 2,795 incidents found in the previous year's survey. *Chapter 683 of 2017* repealed the exemption of a motor vehicle rental company, as the owner of a vehicle, from enforcement of violations recorded by school bus monitoring cameras. Under the Act, a rental company is subject to fines for violations recorded by school bus monitoring cameras unless, within 45 days after receiving notice of a violation, the rental company provides the agency with (1) a statement under oath of the name and last known address of the individual driving or renting the vehicle when the violation occurred or (2) a statement under oath that the vehicle was stolen at the time of the violation and a copy of the police report.

Rules of the Road

Move Over Law

The "move over" law in Maryland generally requires a driver approaching from the rear of an emergency vehicle or tow truck to make a lane change into an available lane not immediately adjacent to the emergency vehicle or tow truck if it is stopped, standing, or parked on a highway and displays emergency or caution lights. If the lane change cannot be made, the driver must slow to a reasonable and prudent speed that is safe for existing weather, road, and vehicular or pedestrian traffic conditions. *Chapters 544 and 545 of 2018* expanded the law to apply the "move over" requirement to a stopped, standing, or parked vehicle, displaying emergency or caution lights, that is (1) a commercial vehicle providing emergency maintenance to a disabled vehicle; (2) a service vehicle; or (3) a waste or recycling collection vehicle.

Maximum Speed Limit

The Federal Highway Administration recommends that speed limits reflect the maximum reasonable and safe speed for normal conditions. If altered speed limits are desired, engineering

modifications and other measures should be implemented to accommodate speeds at the new speed limit.

According to the Maryland Department of Transportation (MDOT), the eighty-fifth percentile speed is the speed at or below which 85% of motorists drive on a given road when unaffected by slower traffic or poor weather. MDOT considers the use of the eighty-fifth percentile speed a good guideline for setting the appropriate speed limit for a road. MDOT has advised that research indicates that the posted speed limit has little effect on the speeds at which most motorists drive. Thus, raising the speed limit, if done in accordance with traffic and engineering studies and in consideration of the eighty-fifth percentile guidelines, is unlikely to increase the number of crashes on a road.

Chapter 320 of 2015 increased the maximum authorized speed limit on a highway in the State from 65 miles per hour to 70 miles per hour.

Tolls and Related Fees

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA has the authority to set tolls on transportation facilities projects under its supervision.

Chapter 113 of 2013 established video tolling at MDTA facilities. A motor vehicle incurs a video toll when the vehicle passes through a toll facility but does not pay the toll using cash or an E-ZPass. MDTA is required to send the registered owner of a motor vehicle that has incurred a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. Generally, an owner who fails to pay the amount due by the date specified on the notice is subject to a civil citation and civil penalty.

Chapter 122 of 2015 authorized MDTA to waive any portion of a video toll due or civil penalty assessed for a toll violation until MDTA refers the debt to the Central Collection Unit (CCU). The Act also established that a civil citation may not be assessed against a person who does not pay a video toll under a notice of toll due until 15 days after the toll violation occurs (a toll violation occurs 30 days after a notice of toll due is issued if a person does not pay the video toll by that date).

Chapter 547 of 2018 authorized MDTA to recall a delinquent account from CCU if (1) the account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the video tolls in question were assessed within a 30-day period; and (3) mitigating factors exist with respect to the tolls and penalties, as determined by MDTA. MDTA also may waive any toll debt recalled from CCU.

E-ZPass is an electronic toll collection system that allows drivers to prepay their tolls, eliminating the need to stop at toll plazas. In 2015, 2,368 E-ZPass transponders were reported stolen. *Chapter 107 of 2016* authorized an E-ZPass account holder whose E-ZPass transponder is stolen to (1) report the theft of the transponder to local law enforcement and MDTA within

two weeks of the first account statement after the theft and (2) identify any unauthorized charges to the account and report the unauthorized charges to MDTA for verification. An account holder who reports a transponder theft in this manner is not responsible for unauthorized toll charges if (1) MDTA identifies the individual who unlawfully used the transponder and collects the proper toll charges from the individual or (2) the charges are incurred after the date the theft was reported to MDTA.

Equipment

Mechanical Repair Contracts

Chapter 444 of 2015 altered the definition of “mechanical repair contract” to be an agreement or contract sold by a licensed vehicle dealer or an obligor under which the dealer or obligor agrees to perform specified services. The services generally pertain to the repair, replacement, or maintenance of a vehicle. A mechanical repair contract may not provide indemnification for a loss caused by “perils that are commonly covered by comprehensive or collision provisions” of an auto insurance policy.

An “obligor” is defined as the person specified in a mechanical repair contract that is contractually obligated to perform the services set forth in the contract. At least 45 days before selling a mechanical repair contract, an obligor must file the contract with the Insurance Commissioner. Each obligor also must register with the Insurance Commissioner on an annual basis; the registration must include specified information, including the name and address of a designated agent authorized to accept service on behalf of the obligor in the State.

Chapter 494 of 2016 further altered the definition of “mechanical repair contract” to encompass any agreement or contract sold by an “agent.” An agent is defined as a business entity that is authorized by an obligor or a licensed vehicle dealer to sell a mechanical repair contract. The Act also made a clarifying and conforming change to allow an agent – as well as an employee of a licensed vehicle dealer, agent, or registered obligor – to offer, sell, or negotiate a mechanical repair contract. An obligor or a licensed vehicle dealer is liable for the actions of its agent when the agent is offering or selling a mechanical repair contract on its behalf.

An obligor or a licensed vehicle dealer that uses an agent to sell mechanical repair contracts must maintain a list of its agents and make the list available to the Insurance Commissioner on request. Likewise, an agent must maintain a list of the names of each employee authorized to sell mechanical repair contracts and, on request, provide this list to its obligor or licensed vehicle dealer within 10 business days from receipt of the request.

In addition, *Chapter 494* increased the maximum misdemeanor fine that may be imposed for unauthorized sales of mechanical repair contracts from \$1,000 to \$5,000. Finally, the Act also authorized the Insurance Commissioner to impose a civil penalty of at least \$100 but no more than \$5,000 for each violation of provisions relating to mechanical repair contracts committed by an agent or the agent’s employee while offering or selling a repair contract on behalf of a registered obligor.

Exceptional Milk Hauling Permit

Chapter 450 of 2014 established two separate exceptional hauling permits for the transport of raw milk and removed the general authorization to haul milk under an exceptional farm hauling permit. The seasonal permit (for transport from March 1 until June 30) required a weight limit of 88,000 pounds, a combination of vehicles with at least five axles, and at least 28 feet between the last axle on the tractor and the first axle on the semitrailer. That permit was only available in 2015 and 2016 (the authorization for that permit terminated September 30, 2016). A permanent authorization was established for year-round hauling, but only for a combination of vehicles with at least six axles and a front-to-rear centerline axle spacing of at least 50 feet. The weight limit for that permit is 95,000 pounds.

Chapters 76 and 77 of 2017 authorized the State Highway Administration (SHA) to issue a seasonal exceptional milk hauling permit from March 1 until June 30 each year for a combination of vehicles with five axles, at least 28 feet between the last axle on the tractor and the first axle on the semitrailer, and 88,000 pounds gross combination weight. Thus, the Acts reestablished and made permanent the authorization for the seasonal permit.

Exceptional Hauling Permit for Live Poultry

Chapter 353 of 2017 authorized SHA to issue an exceptional hauling permit for a combination of vehicles that carry live poultry from a farm to a processing facility between November 1 and April 30 each year in Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties. The Act applies to vehicles that (1) have an axle configuration of not fewer than five axles; (2) have a trailer or semitrailer axle spacing of at least 96 inches between axles, or have an axle configuration of not fewer than six axles; and (3) submit to a motor carrier safety inspection.

For a combination of vehicles carrying live poultry under the exceptional hauling permit, *Chapter 353* (1) set the maximum gross combination weight at 88,000 pounds and (2) required a holder to submit to and pass a North American Standard Driver/Vehicle Level 1 inspection or a North American Standard Vehicle Level 5 inspection twice each year. Operators under the exceptional hauling permit must retain in their possession at all times a copy of the appropriate inspection report issued within the preceding 180 days that shows no out-of-service violations.

Poultry processing plants in the affected counties must submit to SHA before October 1 of each year a complete list of registered combinations of vehicles used for carrying live poultry under the exceptional hauling permit that includes the following information for each vehicle: (1) vehicle identification number; (2) number of axles; (3) most recent date of the North American standard inspection required under the hauling permit; and (4) current mileage.

Chapter 353 created a goal of incrementally establishing a requirement that, by October 31, 2022, 75% of vehicles operating under an exceptional poultry hauling permit have a six-axle configuration. SHA must use the industry vehicle information submitted to determine the progress made toward meeting the goals established by the Act and submit a progress report to the General Assembly on or before December 31 of each year. SHA must also notify the Department

of Legislative Services (DLS) within five days after determining that 45% of the poultry processing industry's vehicle combinations for carrying live poultry have at least six axles. If DLS does not receive this notice on or before October 31, 2020, **Chapter 353** immediately terminates. Otherwise, the Act terminates October 31, 2022.

Electric and Hybrid Vehicles

Sale of Electric or Nonfossil-fuel Burning Vehicles

Tesla, an electric car manufacturer, employs a direct sales approach that bypasses the traditional model for selling vehicles through franchised dealers.

Chapter 231 of 2015 authorized the sale of electric vehicles directly to retail buyers by manufacturers or distributors that obtain a Maryland dealer license. The Act authorized a vehicle manufacturer or distributor to be licensed as a dealer if (1) the manufacturer or distributor deals only in electric or nonfossil-fuel burning vehicles; (2) no other dealer holds a franchise from the manufacturer or distributor; and (3) there is no cross-ownership between manufacturers or distributors licensed as dealers in the State. **Chapter 231** allowed for the issuance of four dealer licenses for manufacturers or distributors.

Clean Cars Act

The Maryland Energy Administration (MEA) has funded electric vehicle charging stations primarily through the Electric Vehicle Recharging Equipment Rebate Program, the Electric Vehicle Infrastructure Program, and the Alternative Fuel Infrastructure Program. From fiscal 2015 through September 30, 2016, MEA issued rebates to 750 charging stations through the rebate program. According to the U.S. Department of Energy, as of January 2017, Maryland had 1,085 public electric vehicle charging outlets and ranked ninth in the United States. MEA awarded the annual maximum amount of authorized rebates (\$600,000) in both fiscal 2016 and 2017.

Chapter 490 of 2010 established a tax credit against the motor vehicle excise tax for the purchase of a qualified plug-in electric vehicle. Legislation enacted in 2013 and 2014 altered and extended the credit. According to MVA, from fiscal 2015 through December 2016, a total of 4,092 new plug-in electric vehicles were titled in Maryland. The maximum amount of authorized credits (\$1.8 million) was claimed in each year.

Chapters 362 and 363 of 2017 extended through fiscal 2020 the termination dates of the qualified plug-in electric drive vehicle excise tax credit and the Electric Vehicle Recharging Equipment Rebate Program. With respect to the qualified plug-in electric drive vehicle excise tax credit, the Acts also (1) increased to \$3.0 million the annual maximum amount of incentives available in fiscal 2018, 2019, and 2020; (2) reduced the maximum credit to \$100 times the number of kilowatt-hours (kWh) battery capacity of the vehicle, subject to a maximum credit of \$3,000; and (3) specified that a qualifying vehicle must have a total purchase price of \$60,000 or less and have a battery capacity of at least 5.0 kWh-hours. With respect to the Electric Vehicle Recharging Equipment Program, the Acts (1) increased to \$1.2 million the annual maximum amount of the

rebates available in fiscal 2018, 2019, and 2020 and (2) altered the calculation and reduced the maximum values of the rebates.

HOV Lanes

Plug-in electric drive vehicles are authorized to use all high-occupancy vehicle (HOV) lanes in Maryland regardless of the number of passengers and qualified hybrid vehicles are similarly authorized to use the HOV lane along the portion of U.S. Route 50 between Interstate 95/Interstate 495 and U.S. Route 301 regardless of the number of passengers. *Chapter 734 of 2016* established the privilege for qualified hybrid vehicles and a termination date of September 30, 2018, for both privileges. *Chapters 678 and 679 of 2018* extended the termination date for both privileges to September 30, 2022.

Licensing and Registration

Denial, Cancellation, Suspension, or Revocation of Commercial Registration

Chapter 304 of 2015 authorized MVA to deny, cancel, suspend, or revoke the registration of a commercial motor vehicle if (1) the carrier responsible for the safety of the vehicle is subject to an out-of-service (OOS) order or another federal operating authority sanction or (2) the U.S. Department of Transportation determines that the carrier has attempted or is attempting to operate under a new identity to avoid compliance with specified sanctions or being linked with a negative compliance history. A sanction under the Act must continue until the OOS order or federal sanction has been lifted and the carrier is allowed to resume operations.

Commercial Driver's Licenses

MVA is required by federal law to cancel a commercial driver's license (CDL) when the CDL holder fails to submit up-to-date medical certification. *Chapter 158 of 2016* authorized MVA to automatically downgrade a CDL to a noncommercial driver's license when the commercial driving privilege is canceled solely as a result of the CDL holder's failure to submit to MVA a current certificate of physical examination. MVA may not issue a noncommercial license unless the CDL holder first surrenders the commercial license.

Victim's Representative Notification

Chapter 702 of 2017 required the Governor's Office of Crime Control and Prevention to develop, and update as necessary, a uniform victim's representation notification form for a victim's representative to receive notification of a license suspension hearing as a result of a moving violation that contributed to a fatality. The Maryland Police Training and Standards Commission must distribute the form to each law enforcement agency in the State. During the investigation of a moving violation that results in a fatality, the investigating agency must provide the victim's representative with a copy of the notification form in conjunction with informing the representative of the right to file the form. If a victim's representative has timely filed a notification form and the violator has requested a hearing, MVA must notify (1) the victim's representative of any

suspension hearing scheduled as a result of the moving violation and (2) the Office of Administrative Hearings that a victim's notification form has been filed.

Part H

Business and Economic Issues

Business Occupations

During the 2015-2018 legislative term, the General Assembly altered legislative requirements governing the practice of several occupations. Some of these changes enhanced penalty authority, allowing the boards that regulate certain industries to issue penalties to those who violated their requirements. Other changes repealed criminal penalties for certain violations of the law. The term saw several changes to licensing within the cosmetology and barbering industries, new funding mechanisms for several occupations, alterations in the qualification standards for a number of professions, and other changes that altered the statutory framework through which specified professions in Maryland are credentialed and regulated.

Notice and Enforcement Authority

Electronic Notice by Regulatory Entities

As electronic communication continues to replace more traditional methods of communication, the General Assembly has facilitated electronic notification between regulatory entities and the individuals and businesses that they regulate. *Chapters 246 and 247 of 2017* authorized specified boards, commissions, and other regulatory entities within the Department of Labor, Licensing, and Regulation (DLLR); the Department of State Police; and the Department of Public Safety and Correctional Services to send specified credential-related notices electronically instead of by regular mail. Before these regulatory entities may electronically transmit a communication, they must notify the recipient by mail of the pending change from physical to electronic mail and request confirmation of the recipient's email address. If the recipient does not respond within 30 days, the regulatory entities may assume that the email address is current and valid and continue with electronic transmission. However, for the regulatory entities within DLLR, if an electronic communication is returned as undeliverable, the materials must be mailed to the last known address of the affected individual within 10 business days of receiving the undeliverable notice.

Authority Over Firms

Before the enactment of *Chapter 270 of 2015*, the General Assembly had authorized four of the boards within DLLR that regulate design professionals to issue firm permits to regulate businesses through which professionals provide services. Except for the State Board for Professional Engineers, the three other design boards – the State Board of Architects, the State Board of Examiners of Landscape Architects, and the State Board for Professional Land Surveyors – lacked the authority to take enforcement action against firms that violated permit-related requirements. *Chapter 270* authorized those design boards, subject to hearing and notification requirements, to deny a permit to any applicant, reprimand a permit holder, or suspend or revoke a permit if (1) the applicant or permit holder fraudulently or deceptively obtained or attempted to obtain a permit or (2) the permit holder fraudulently or deceptively used a permit. The Act also authorized the boards to impose penalties of up to \$5,000 for each (1) violation for which a denial, reprimand, suspension, or revocation was imposed and (2) failure to meet or continue to meet specified qualifications or requirements.

Penalties

Tax Preparers: Chapter 623 of 2008 established the State Board of Individual Tax Preparers, but the Act did not give the board enforcement authority over individuals who prepared taxes without first registering with the board. *Chapter 462 of 2015* established civil and criminal penalties for violations of the Maryland Individual Tax Preparers Act by any person (registered or unregistered) and specified the manner in which the board retains jurisdiction over a registrant during disciplinary proceedings. Specifically, the board may impose a civil penalty against any person for a violation of the Maryland Individual Tax Preparers Act but is required to consider various factors when determining the amount of the penalty. If the board previously assessed a civil penalty against an individual, the board may also pursue a criminal penalty.

Barbers and Barber-stylists: Before the enactment of *Chapter 198 of 2017*, a person who violated the barbering laws, except under limited exceptions, was guilty of a misdemeanor. *Chapter 198* repealed the criminal penalty for such violations but retained the civil penalty.

Plumbers: Generally, plumbing fixtures, or other plumbing devices, must meet standards established in the State Plumbing Code or any applicable local plumbing code. A person may not sell or install a fixture or other device that does not limit water consumption in accordance with the standards adopted by the State Board of Plumbing. *Chapter 343 of 2018* excluded violations related to the prohibited sale or installation of a device that is not water conserving from criminal penalties under the Maryland Plumbing Act. The civil penalty continues to apply.

Certificate and License Application Denial Based on Criminal History

Chapter 796 of 2018 required six Executive Branch agencies to report to the Governor and the General Assembly on (1) the number of applications for an occupational license or certificate received during the preceding five years; (2) the number of applications received in which the applicant had a specified criminal record; (3) for applications reflecting a criminal record, the amount of time since the criminal conviction and the number of applications that were denied due

to a criminal history; and (4) the specific reason why the applications were denied. The agencies must disaggregate the data by year and submit their respective reports by October 1, 2018.

Special Funds

Chapter 254 of 2017 established the State Occupational Mechanical Licensing Boards' Fund as a special, nonlapsing fund, which consists of fees collected from the four mechanical boards in DLLR: the State Board of Master Electricians; the State Board of Stationary Engineers; the State Board of Plumbing; and the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors. *Chapter 254* repealed license fees set in statute and authorized each mechanical board to establish fees by regulation based on its direct and indirect costs, as determined by the Secretary of Labor, Licensing, and Regulation. Provided that the boards consent, the Act authorized the Secretary to average the direct and indirect costs of one or more boards in order to establish fees that more equitably distribute the costs associated with the operation of each board. The Act prohibited fees from being increased by more than 12.5% of the existing and corresponding fee. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of \$100,000 reverts to the general fund.

Chapter 256 of 2017, in turn, established the State Barbers and Cosmetologists Boards' Fund as a special, nonlapsing fund, which consists of fees collected from the State Board of Barbers and the State Board of Cosmetologists in DLLR. The fund's use was limited to covering the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the two boards. The Act repealed license fees set in statute and authorized each board to establish fees by regulation instead. As with the State Occupational Mechanical Licensing Boards' Fund, *Chapter 256* authorized the Secretary to average the direct and indirect costs of the boards in order to establish fees that more equitably distribute the costs associated with the operation of each board for the State Barbers and Cosmetologists Boards' Fund. The Act prohibited fees from being increased by more than 12.5% of the existing and corresponding fee. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of \$100,000 reverts to the general fund.

Credential Requirements

Continuing Education for Cosmetologists

Chapter 784 of 2017 required that an individual renewing a license from the State Board of Cosmetologists on or after October 1, 2018, complete at least six credit hours of continuing education approved by the board. The Act required the board to adopt regulations that set standards for the continuing education courses that, at a minimum, mandate two hours of training in health, safety, and welfare subjects and four hours of training in general elective courses.

Other Requirements

Land Surveyor Licensing: Chapter 139 of 2016 altered the education and experience requirements for licensure as a professional land surveyor so that one temporary and four permanent pathways exist to gain licensure as a professional land surveyor.

Reciprocal Licensing of Real Estate Appraisers: Chapter 594 of 1990 established what is now the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors (formerly the State Commission of Real Estate Appraisers) to implement and administer a real estate appraiser licensing and certification program that complies with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. As federal standards for reciprocal licensing change, the General Assembly passes conforming legislation to update State law. Before the enactment of **Chapter 121 of 2015**, the commission was only authorized to waive an examination requirement for a reciprocal license if (1) the applicant provided adequate evidence that the applicant met the qualifications otherwise required by Maryland law; (2) the applicant held an active license or certificate in good standing in the other state; (3) the other state waived the examination requirement for Maryland licensees; and (4) the individual paid an application fee and became licensed or certified in the other state after meeting substantially equivalent (or more stringent) requirements.

Chapter 121 authorized the commission to waive an examination requirement for an individual who is licensed or certified as an appraiser in another state if (1) the other state is in compliance with FIRREA, as determined by the federal commission tasked with implementing FIRREA; (2) the applicant holds a valid license or certificate issued in the other state; and (3) the applicant pays an application fee and became licensed or certified in the other state after meeting requirements that are substantially equivalent to or exceed the requirements under State law.

Other Changes by Profession

Barbers and Cosmetologists

Limited Licenses: Chapter 262 of 2015 created a barber-stylist limited license with a limited scope of practice and commensurate education and experience requirements to facilitate entry into the barbering industry. Specifically, the Act authorized a barber-stylist to provide, for compensation, the following services: cutting, razor cutting, or styling the hair; shaving or trimming the beard; massaging the face; and performing any similar procedure on the hair, beard, or face of the individual. Unlike a barber or master barber, a barber-stylist was not authorized to use chemicals (to relax, body wave, or color hair) or work with a hairpiece (design, fit, or cut the hairpiece) or, in the case of a master barber, supervise an apprentice.

Following **Chapter 262** and Chapter 412 of 2013 before it (which created hairstylist limited licenses for cosmetologists), in **Chapters 434 and 435 of 2016**, the General Assembly established an additional limited license within the scope of practice of a hairstylist and a cosmetologist. In this case, the Acts established a limited license to provide professional blow drying

services – washing, blow drying, and styling – without completing the additional coursework and training that are required for a broader scope of practice.

Permits: Before the enactment of *Chapter 492 of 2016*, barbering and cosmetologist services could only be provided in a permitted barbershop or beauty salon. *Chapter 492* enabled a barbershop or beauty salon owner to obtain a secondary permit for one or more mobile barbershops or beauty salons through which services may be provided anywhere that does not violate another law, ordinance, or requirement.

Real Estate Brokers and Real Estate Salespersons

Chapter 311 of 2016 modernized the law governing real estate agencies. The Act made three substantive changes: (1) removing the presumption that a real estate agent who is not affiliated with or acting as a listing agent is a buyer’s agent (at first meeting); (2) altering the disclosures required of a seller’s agent at an open house, under specified conditions; and (3) requiring that specified disclosures be presented to unrepresented parties rather than directly from agent to agent.

Business Regulation

During the 2015-2018 term, the General Assembly repealed some regulatory requirements while expanding others, altered the authority of several regulatory entities, and regulated several new industries. Among the repealed requirements, home improvement subcontractors, juke box owners, billiard table owners, and mold remediation service providers no longer need to comply with licensing requirements. Elevator unit owners, home builders, and retail pet stores, in contrast, experienced expanded regulatory requirements. The Secretary of Labor, Licensing, and Regulation received standardized authority over two remaining boards that had not statutorily operated under the Secretary’s oversight, and one board received authority to issue cease and desist orders. Electronic nicotine delivery systems (ENDS) and micro markets – products that developed over the course of the term – began functioning under regulatory frameworks in place for other products that the General Assembly modified to fit the industries’ specific needs.

Regulatory Authority

Authority of Secretary

In 2015, the U.S. Supreme Court held in *North Carolina State Board of Dental Examiners v. Federal Trade Commission* that, when a controlling number of the decision makers on a state licensing board are active participants in the occupation the board regulates, the board may only invoke state-action immunity if it is subject to active supervision by the state. At the time, two boards under DLLR – the State Collection Agency Licensing Board and the State Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors (HVACR) Board – did not have statutory language specifying that the boards exercise their powers under the authority of the State. *Chapter 347 of 2016* specified that the State Collection Agency Licensing Board was subject to

supervision by the Secretary of Labor, Licensing, and Regulation. *Chapter 349 of 2016* specified that the HVACR Board was also subject to the supervision of the Secretary. Due to these changes, the State is now able to assert State-action immunity as a defense in a court case brought against either board.

Authority of State Board of Heating, Ventilation, Air Conditioning, and Refrigeration Contractors

The HVACR Board licenses individuals who offer HVACR services for the purposes of maintaining efficient and safe systems, promoting professional standards in the industries, and taking disciplinary actions or seeking injunctions for conduct that violates the Maryland HVACR Act. *Chapter 203 of 2015* expanded the board's authority by authorizing the board, subject to specified notification and hearing provisions, to issue a cease and desist order for a violation of the Maryland HVACR Act or a regulation adopted under the Act.

Funding

Chapter 255 of 2017 established the Maryland Home Improvement Commission Special Fund as a special, nonlapsing fund, which consists of fees collected by the Maryland Home Improvement Commission (MHIC). The Act required the fund to be used to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of MHIC. *Chapter 255* repealed fees in statute and authorized MHIC to establish fees by regulation based on direct and indirect costs, as determined by the Secretary. The Act required fees to be set so as to produce funds approximate to the cost of maintaining MHIC and prohibited fees from being increased by more than 12.5% of the existing and corresponding fee. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of \$100,000 reverts to the general fund.

Licensing Requirements

Electronic Nicotine Delivery Systems and Tobacco Products

License Requirements: Chapter 814 of 2017 established a licensing and regulatory framework for the manufacture, wholesale distribution, and retail sale of ENDS (*i.e.*, e-cigarettes, other similar devices, and their components) that was modeled on similar regulatory frameworks for cigarettes and other tobacco products. The Act prohibited a person from shipping, importing, or selling into or within the State any ENDS unless the person held the license required under the Act. A person who held specified licenses relating to cigarettes and other tobacco products and specified affiliates was authorized to manufacture, distribute, or sell ENDS in the same capacity as the person was licensed to do so with cigarettes or other tobacco products without obtaining an additional license. *Chapter 814* created specified licenses for manufacturers, retailers, wholesalers and vape shop vendors, which authorized a license holder to engage in the purchase and sale of ENDS in various ways, depending on the license.

Chapters 199 and 200 of 2018 modified the licensing framework established the previous year by (1) repealing a specified prohibition against the sale of ENDS by an ENDS retailer to a consumer through the mail or an electronic network; (2) authorizing an ENDS wholesaler distributor or importer to sell ENDS to a vape shop vendor; (3) authorizing a vape shop vendor to buy ENDS from a wholesaler distributor or importer; and (4) repealing a reference to an ENDS storage warehouse.

Penalties: Chapter 773 of 2017 prohibited a person who distributes tobacco products for commercial purposes from distributing a tobacco product, tobacco paraphernalia, or a coupon redeemable for a tobacco product to a minor. The Act also enhanced various licensing-related responsibilities for the Comptroller’s Office by requiring the Comptroller’s Office to provide the Maryland Department of Health’s Prevention and Health Promotion Administration each year with the name and address of each licensed cigarette retailer. **Chapter 785 of 2018** classified the distribution of ENDS to a minor as a misdemeanor, subjected a minor in possession of ENDS to civil penalties, and increased civil penalties for subsequent civil violations.

Micro Markets

Chapters 338 and 339 of 2018 established a micro market license and defined a “micro market” as an unstaffed, self-checkout, retail food service facility that (1) includes one or more micro market displays; (2) has an automated payment kiosk or other device designed to accept electronic payments that is operated by the consumer; (3) is located indoors and within a separate business; and (4) is generally accessible only to individuals within the building in which the food service facility is located. The Acts required the Comptroller to develop a license application, authorized the Comptroller and others to request video surveillance recordings, and established a criminal penalty for operating a micro market without a license. Before the enactment of **Chapters 338 and 339**, the Maryland Department of Health regulated micro markets as “food service facilities.” Requirements and enforcement mechanisms for operating a food service facility continue to apply in addition to the requirements under the Acts.

Repealed Licensing Requirements

Home Improvement Subcontractors: Before the enactment of **Chapter 370 of 2016**, many subcontractors did not have the subcontractor license that MHIC required, and yet they still provided work for contractors. The Act repealed the requirement that a person obtain a subcontractor license and instead authorized a person to act as a subcontractor without a license.

Juke Box Licenses: Before the enactment of **Chapter 115 of 2016**, a person was required to obtain a State juke box license and a separate Harford County juke box license (only in that county) whenever a person kept a juke box for public entertainment. **Chapter 115** repealed these licensing requirements along with associated fees and penalties.

Billiard Table Licenses: Before the enactment of **Chapter 90 of 2016**, a person was required to have a billiard table license whenever that person kept a billiard table for commercial use in any county in the State other than Washington County. **Chapter 90** repealed the licensing requirement and associated fees and penalties.

Mold Remediation Services: Chapter 537 of 2008 required, by June 1, 2010, companies or firms that provide mold remediation services to be licensed to specifically provide such services by MHIC in DLLR. Statute defines “mold remediation,” in part, as “the removal, cleaning, sanitizing, demolition, or other treatment of mold or mold-contaminated matter.” However, Chapter 537 was not implemented because MHIC did not receive the necessary funding to do so. The General Assembly subsequently extended to July 1, 2013, the deadline by which firms were required to be licensed, but funding was still not provided. Therefore, all firms providing mold remediation services were technically in violation of the statutory licensing requirement, although MHIC never implemented the requirement. *Chapters 56 and 100 of 2017* extended the deadline by which a company or firm providing mold remediation services was required to be licensed to July 1, 2019, so that any such firms were no longer technically in violation of the law. The Acts left in place the termination date for the program so that, effective July 1, 2019, the requirement to have a license to provide mold remediation services will be repealed, along with the requirement that the Department of Legislative Services review the program as part of the Maryland Program Evaluation Act. Even so, any home improvement work done over the course of a mold remediation project continues to be regulated under the MHIC contractor license.

Other Changes by Industry

Elevators

Chapter 337 of 2018 phased in, by October 1, 2020, privatization of the annual and five-year inspections processes for all public and private elevator units in the State. The Act further required the third-party qualified elevator inspector to be physically present to witness the licensed elevator mechanic perform the tests as part of the inspection process. The third-party qualified elevator inspector, the owner, or the owner’s agent must contact the elevator contracting company and adhere to specified scheduling guidelines to coordinate an inspection. A State inspector continues to oversee all third-party qualified elevator inspectors and retains authority over final acceptance of new construction, modernization, and service upgrade turnovers of elevators. In addition, State inspectors may assist third-party qualified elevator inspectors in performing the inspections if the Commissioner of Labor and Industry determines that the number of third-party qualified elevator inspectors is insufficient. DLLR must establish and administer an apprenticeship program for third-party qualified elevator inspectors. For more information on the provisions of this Act, see the subpart “Public Safety” within Part E – Crimes, Corrections, and Public Safety of this *Major Issues Review*.

Home Builders

The laws governing MHIC within DLLR and the Maryland Home Builder Registration Unit within the Consumer Protection Division of the Office of the Attorney General reflect similar standards, given the similarities between home improvement and home construction. In 2000, when the Maryland General Assembly established the unit, the commission’s laws served as the general model. Over time, as the home improvement law has changed, aspects of the home builder law have also changed to keep the statutes relatively aligned. Chapter 211 of 2014 increased the maximum claim amount against the Home Improvement Guaranty Fund – from \$5,000 to \$7,500

– for which MHIC may issue a proposed order. The Act also increased the length of time – from 30 to 60 days – that a contractor has to reimburse the fund for claims paid by the fund on the contractor’s behalf before the commission may sue the contractor in court for the unreimbursed amount.

Chapter 224 of 2015 made similar changes, increasing the maximum claim amount against the Home Builder Guaranty Fund – from \$5,000 to \$7,500 – for which the Office of the Attorney General’s Consumer Protection Division may issue a proposed order to pay all or part of a claim, and increasing the length of time – from 30 to 60 days – that a person registered to build new homes has to reimburse the fund for claims paid by the fund on the registrant’s behalf before the division may sue the registrant in court for the unreimbursed amount.

Retail Pet Stores

Over the course of the 2015-2018 legislative term, the regulatory requirements governing the sale of cats and dogs expanded, continuing a process that began with the previous term. Chapters 214 and 215 of 2012 established conditions and requirements for remedy when a dog sold at a retail pet store was found to have an undisclosed disease, illness, or prior condition. The Acts also established certification, recordkeeping, and public disclosure requirements for retail pet stores that conduct business in the State, as well as penalties for noncompliance.

Chapters 572 and 573 of 2016 generally prohibited a person from selling a dog or cat at any public place. Exceptions were made for (1) animal welfare organizations and animal control units under specified circumstances and (2) dog breeders and individuals participating in a prearranged sale that meets specified criteria. A retail pet store was only authorized to offer a dog or cat for sale if the animal was obtained from specified entities. A violation of this provision was made an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil (but *not* criminal) penalty provisions.

The regulatory requirements for retail pet stores further increased with the enactment of **Chapter 343 of 2017**, which required that both the signs on each dog’s cage and the retail pet store’s records include the name and address of the animal control unit or animal welfare organization, if applicable, from which the dog was obtained. Furthermore, **Chapter 343** reinforced the sourcing restriction for cats and dogs by prohibiting a retail pet store from buying a dog or cat from a breeder or dealer unless the retail pet store ensured that the breeder or dealer had not received specified types of citations from the U.S. Department of Agriculture under the federal Animal Welfare Act in the last two years.

Changes to the retail pet store law culminated in **Chapter 237 of 2018**, which repealed existing requirements and prohibited a retail pet store from offering for sale or otherwise transferring or disposing of cats or dogs beginning on January 1, 2020. Although a retail pet store may not sell a cat or dog outright, the Act specifies that animal welfare organizations should initiate contact with affected retail pet stores to facilitate collaboration for (1) the adoption of cats and dogs from animal control units or animal welfare organizations or (2) the purchase of cats and dogs from local breeders.

Public Service Companies

During the 2015-2018 term, the General Assembly passed legislation relating to electricity and energy, including the renewable energy portfolio standard, the certificate of public convenience and necessity, the Electric Universal Service Program, the EmPower Program, and the Maryland Clean Energy Center. Additionally, the term saw legislation dealing with rural broadband, telephone services, transportation network companies, and water and sewer disposal companies.

Electricity and Energy

Renewable Energy Portfolio Standard

Maryland's Renewable Energy Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. The Public Service Commission (PSC) oversees compliance with the standard. Electric utilities and other electricity suppliers must submit renewable energy credits (RECs) equal to a percentage specified in statute each year or else pay an alternative compliance payment (ACP) equivalent to their shortfall. The percentage generally relates to the amount of sales of electricity generated from renewable sources as compared to total electricity sales. Over the duration of the program, the requirements of the RPS have been met almost entirely through RECs, with negligible reliance on ACPs.

The RPS operates on a two-tiered system, with carve-outs for solar energy and offshore wind energy and corresponding RECs for each tier and carve-out. Tier 1 sources include, among others, onshore and offshore wind, qualifying biomass, geothermal, small hydroelectric plants of less than 30 megawatts, and waste-to-energy. Tier 1 solar sources include photovoltaic cells and residential solar water-heating systems commissioned in fiscal 2012 or later. Tier 2, which terminates after 2018, includes only large hydroelectric power plants.

During the 2016 session, the General Assembly passed Senate Bill 921 and House Bill 1106 to expand the RPS from 20% by 2022 to 25% by 2020. Although the Governor vetoed these bills, the General Assembly overrode the vetoes during the 2017 session and the bills became *Chapters 1 and 2* in February of that year. Future percentage requirements are shown in **Exhibit H-1**; the requirements are essentially stable beyond 2023.

Exhibit H-1
Annual RPS Specifications

<u>Year</u>	<u>Solar</u>	<u>Percentage of Retail Sales</u>		<u>Tier 1 Total</u>
		<u>Offshore Wind¹</u>	<u>Other Tier 1</u>	
2019	1.95%	0.00%	18.45%	20.40%
2020	2.50%	1.50%	21.00%	25.00%
2021	2.50%	1.50%	21.00%	25.00%
2022	2.50%	1.49%	21.01%	25.00%
2023	2.50%	2.23%	20.27%	25.00%

PSC: Public Service Commission

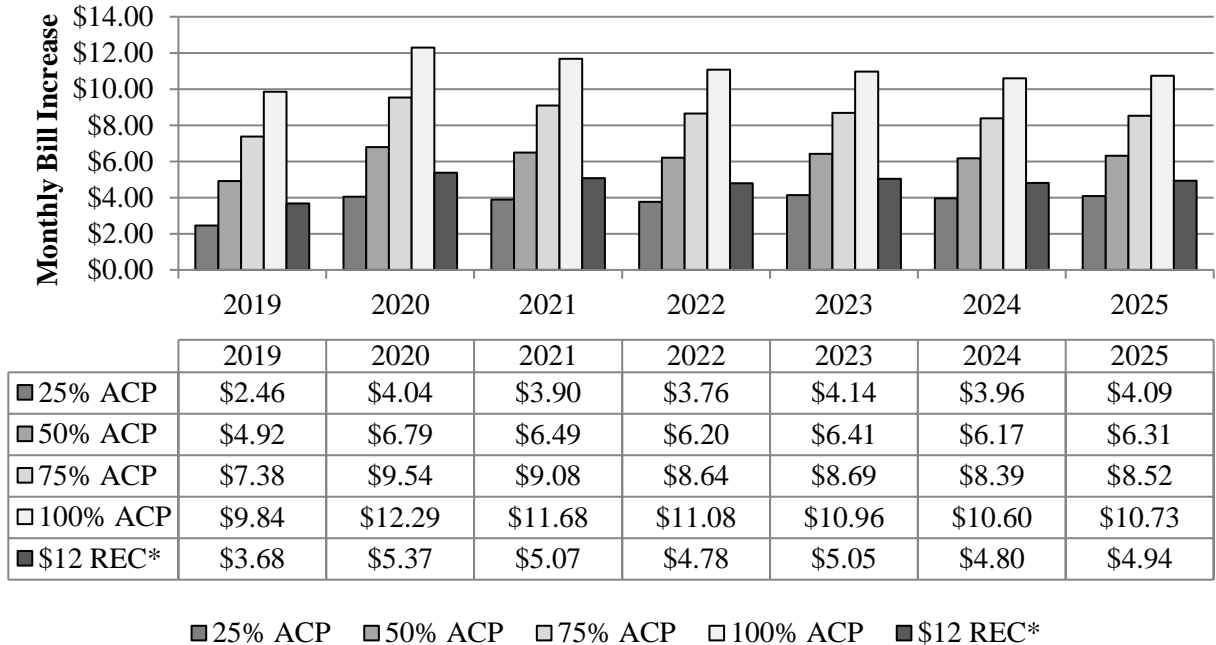
RPS: Renewal Energy Portfolio Standards

¹Estimated pursuant to PSC Order No. 88192. The statutory maximum offshore wind carve-out is 2.5%.

Source: Department of Legislative Services

A range of potential average residential customer bill impacts for the RPS, based on consumption of 1,000 kilowatt-hours per month, is shown in **Exhibit H-2**. The amounts are adjusted to reflect net costs associated with approved offshore wind projects beginning in 2020. While prices in the exhibit are expressed as a percentage of ACP, in a functioning market, ACP is not the sole determinant of REC prices. In addition to potential costs shown as a percentage of ACP, potential costs are also shown using a fixed REC price of \$12 because average nonsolar REC prices have stabilized in recent years between \$11 and \$13.

**Exhibit H-2
Existing RPS: Average Residential Customer Monthly Bill Effect
by REC and SREC Prices as Percent of ACP
Calendar 2019-2025**



ACP: Alternative Compliance Payment
 REC: Renewable Energy Credit
 RPS: Renewal Energy Portfolio Standards
 SREC: Solar Renewable Energy Credit

Note: The average residential customer uses 1,000 kilowatt-hours per month.

*Costs for a fixed \$12 REC price, with an SREC price of 50% of ACP in that year.

Source: Department of Legislative Services

Certificates of Public Convenience and Necessity

Generally, a person may not begin construction in the State of a generating station of more than two megawatts, an overhead transmission line, or a qualified generator lead line unless the person first obtains a certificate of public convenience and necessity (CPCN) from PSC. The application process involves notifying specified stakeholders, conducting public hearings, and the consideration of recommendations by State and local government entities and the project’s impact on various aspects of the State’s infrastructure, economy, and environment. Numerous bills during the 2015 to 2018 legislative term addressed the CPCN application process and related requirements, with particular emphasis on overhead transmission lines and local notification and involvement.

Overhead Transmission Lines: *Chapter 174 of 2015* authorized a person – rather than solely an electric company – to obtain a CPCN to begin construction of an overhead transmission line that is designed to carry voltage in excess of 69,000 volts or exercise a right of condemnation with the construction, subject to specified conditions. Likewise, statutory requirements and conditions for construction related to an *existing* overhead transmission line were expanded to include any person – rather than solely an electric company. *Chapter 840 of 2017* later authorized a person that has received a CPCN from PSC for the construction of an overhead transmission line to acquire any property or right necessary for the construction or maintenance of the transmission line, in accordance with eminent domain provisions of the Real Property Article.

Chapter 773 of 2018 required PSC to require a CPCN applicant for the construction of an overhead transmission line to identify whether the line is proposed to be constructed on (1) an existing brownfields site, as defined; (2) property subject to an existing easement; or (3) a site where a tower structure or components of a tower structure used to support an overhead transmission line already exist. Similarly, *Chapter 283 of 2018* required PSC to consider the alternative routes that a CPCN applicant considered, including the estimated capital and operating costs of each alternative route, and a statement of the reason why the alternative route was rejected.

Local Notification and Involvement: *Chapter 464 of 2016* altered the requirements for how PSC must give prior notice of a public hearing and opportunity to comment in connection with a CPCN application. In addition to existing forms of notification, PSC was required to provide notice on two types of social media and on its website and, on the day of a public hearing, post an informational sign at or near each public entrance of the building in which the public hearing will be held. *Chapter 773 of 2018* required PSC to provide notice of a CPCN application – not just a hearing and public comment period, which happen later in the process – on its social media platforms and website.

Chapter 392 of 2017 prohibited PSC from taking final action on a CPCN application for a generating station until after due consideration of (1) the consistency of the application with the comprehensive plan and zoning of each county or municipality where any portion of the generating station is proposed to be located and (2) the efforts to resolve any issues presented by a county or municipality where any portion of the generating station is proposed to be located.

Chapter 282 of 2018 established additional notification requirements under the CPCN process for the construction of transmission lines. Generally, on receipt of a CPCN application, PSC – or the CPCN applicant, if required by PSC – must notify each landowner and adjacent landowner of the proposed overhead transmission line. At least 30 days before a hearing, a public service company must provide written notice, by certified mail, to each owner of land adjacent to the site of a proposed line or similar transmission device.

In addition to notifications during the project application phase, CPCNs typically require a project owner to provide notice of all related requirements to a new owner and notify relevant State agencies when a project is transferred or sold. However, many solar facilities are exempt from the CPCN requirement under existing law. *Chapter 245 of 2018* required the owner of a commercial solar facility with a capacity of more than two megawatts to provide notice, within 30 days after

the facility's sale or transfer, to PSC and the county where the facility is located. The notice must include specified contact information for the new owner. This information assists in the enforcement of screening and maintenance requirements for the project.

Electric Universal Service Program

The Electric Universal Service Program (EUSP), which the Department of Human Services (DHS) administers, provides bill assistance, low-income residential weatherization, and bill arrearage retirements for low-income electric customers. EUSP is funded in part by a surcharge collected from electric customers' bills. The total amount of funds to be collected from customers each year is \$37.0 million; however, it is difficult to set a surcharge that collects exactly that amount. Often, the amount collected in a given year exceeds \$37.0 million, which, over time, builds up a fund balance.

Chapter 777 of 2017 required DHS to expend excess funds that were collected from fiscal 2010 through 2017, estimated to be \$14.8 million at the time, on bill assistance and arrearage retirements, targeted and enhanced low-income residential weatherization, or an arrearage management program for low-income customers. *Chapters 696 and 697 of 2018* authorized DHS to use a portion of those funds to establish an arrearage prevention program to prevent or reduce arrearages for low-income customers who had participated in a low-income residential weatherization program, through further property improvements. DHS, in consultation with PSC, was required to select up to two public or private entities as program recipients to administer the program. The Act also required a program recipient to demonstrate significant efforts to secure additional private investment in rooftop solar installation, including the use of program money for credit enhancement, direct project support, or support for program recipients and customers.

EmPower Maryland

In 2008, the General Assembly passed the EmPower Maryland Energy Efficiency Act, which set target reductions of 15% in per capita electricity consumption and peak demand, respectively, by 2015 from a 2007 baseline. By the end of 2015, the State's electric companies had achieved 99% of the electricity consumption goal and 100% of the peak demand goal. PSC extended the goals of the original program in July 2015. *Chapter 14 of 2017* generally codified the post-2015 energy savings goals and cost-effectiveness measurements established by PSC.

Under the Act, PSC must require each electric company to procure or provide cost-effective energy efficiency and conservation (EE&C) programs and services with specified projected and verifiable electricity savings for the duration of the 2018-2020 and the 2021-2023 EmPower Maryland program cycles. PSC need only do so to the extent that it determines that cost-effective EE&C programs and services are available. By July 1, 2022, PSC must determine the advisability of maintaining the metrics established by the Act as the basis for designing cost-effective EE&C programs and services in subsequent program cycles that PSC must authorize beginning with the 2024-2026 program cycle.

Maryland Clean Energy Center Funding

The Maryland Clean Energy Center (MCEC) was established in 2008 to generally promote and assist the development of the clean energy industry in the State; promote the deployment of clean energy technology in the State; and collect, analyze, and disseminate industry data. Over the intervening years, MCEC had experienced continuous difficulties in generating sufficient revenue to cover the costs of its operations and, absent an infusion of funds, it was believed that MCEC would likely cease operations by mid-2017. In recognition of these challenges, *Chapter 577 of 2016* established the Task Force on the Maryland Clean Energy Center to determine how best to make MCEC self-sustaining without deviating from its mission and charge.

A funding solution was created by *Chapters 364 and 365 of 2017*, which established the Maryland Energy Innovation Institute in the A. James Clark School of Engineering at the University of Maryland, College Park Campus. The Acts also established the Maryland Energy Innovation Fund (MEIF) as a special fund in the University System of Maryland for use by the institute and MCEC for their administrative and operating costs. MCEC was also authorized to use the fund to provide certain types of financial assistance, such as loan guarantees or equity investment financing. For fiscal 2018 through 2022, the Acts required that \$1.5 million be transferred annually from the Strategic Energy Investment Fund to MEIF.

The Acts altered the role of MCEC as a clearinghouse of energy information and materials and also required the MCEC governing board to establish a financing investment advisory committee. Previous loans made by the Maryland Energy Administration to MCEC totaling \$1.25 million were converted into grants, and MCEC was required to establish a work plan to become self-sustaining by 2022.

Telecommunications

Rural Broadband

The lack of reliable and affordable broadband Internet in rural areas of the State has been an issue considered by the General Assembly for many years. *Chapters 620 and 621 of 2017* established the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service to study and make recommendations regarding how certain rural counties could work together to obtain federal assistance to improve these services and access to them in those counties. The task force's January 2018 report recommended extending the task force for one year to develop financing models and identify other funding sources that might be available to implement rural broadband. *Chapters 177 and 178 of 2018* expanded the responsibilities of the task force to include all rural areas in the State and extended the task force by one year, through May 2019.

Chapter 176 of 2018 expanded the circumstances under which nonprofit telecommunications services providers were authorized to install broadband communication infrastructure in rural and underserved areas of the State without the imposition of a usage charge. The Act also required the Department of Housing and Community Development (DHCD) to complete an inventory of all State and local government assets that could be used to assist with the expansion of broadband service to unserved and underserved rural areas of Maryland by

June 1, 2020. DHCD was required to use the inventory to create a map with specified information and to make both the inventory and the map available on request. Finally, the Act permanently continued the Maryland Rural Broadband Coordination Board and the Rural Broadband Assistance Fund beyond their original termination date of June 30, 2020.

Telephone Services

In regulating telecommunications services, PSC reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates certain other telecommunications services. Verizon Maryland, Inc. is the traditional incumbent provider of local telephone service in virtually all of Maryland. *Chapter 250 of 2015* allowed, among other changes, a telephone company that provides discretionary regulated retail services or competitive regulated retail services to do so without filing a tariff schedule for those services with PSC. The services remained regulated by PSC; however, a telephone company was authorized to alter its rates, terms, and conditions – within the limits set by PSC – without having to wait 30 days and receive PSC approval.

Transportation

Uber Technologies, Inc., and other similar companies, such as Lyft, have upended the for-hire transportation business model over the past several years. These companies provide smart phone applications that use a phone's Global Positioning System to connect people who desire transportation services with nearby providers of transportation services in the company's network. Uber and Lyft both began operating in Maryland in 2013.

After consideration of similar legislation in the previous session, *Chapter 204 of 2015* addressed some of the issues that arose relating to the regulation of this type of business. The Act established a regulatory framework for "transportation network services" that encompasses "transportation network companies," such as Uber or Lyft, and "transportation network operators," their drivers. The Act established standards and requirements for licensure, insurance, and trip assessments, among other matters. *Chapters 16 and 28 of 2016* subsequently clarified aspects of the 2015 law, particularly relating to insurance requirements and the trip assessment process, and altered the requirements for submission of an operator's national criminal history records check. Those Acts also authorized taxis to use a device other than a taximeter for measuring the charges for service, if PSC approves the device.

To the extent not otherwise covered under the new framework, transportation network companies, operators, and services are subject to (1) any applicable provisions in Title 9 or Title 10 of the Public Utilities Article, which govern common carriers and for-hire driving services, respectively, and (2) regulations PSC adopts for the regulation of transportation network services.

Licensing

The Acts established a transportation network operator's license as a new type of license issued by PSC, subject to specified conditions. A transportation network operator may not provide transportation network services without a license. One requirement for licensure is for PSC to be

satisfied with the successful submission of the applicant’s criminal background check. The Acts also altered the for-hire driver’s license application process for sedans and limousines to be substantially similar to the new process established for transportation network operator licenses.

Insurance

Transportation Network Services: A transportation network operator, a transportation network company on behalf of the transportation network operator, or a combination of both must maintain primary motor vehicle insurance for the operation of transportation network services. This insurance recognizes that the individual is a transportation network operator or otherwise uses a motor vehicle to transport passengers for hire and covers the operator while the operator is providing transportation network services. The period in which the insurance covers also includes the time while the operator is logged into the application and ready to accept ride requests. While an operator is providing transportation network services, the insurance must provide uninsured motorist coverage, personal injury protection coverage, and security of at least:

- for the payment of claims for bodily injury or death arising from an accident, \$50,000 for any one person and \$100,000 for any two or more persons, in addition to interest and costs; and
- for the payment of claims for property of others damaged or destroyed in an accident, \$25,000, in addition to interest and costs.

Exclusions and Limitations: An authorized insurer that writes motor vehicle liability insurance in the State may exclude, from an owner’s or operator’s personal motor vehicle insurance policy, any and all coverage and the duty to defend afforded under that policy for any loss or injury that occurs while the vehicle operator is providing transportation network services. The insurance requirements specified in the Acts may not be construed to require a personal motor vehicle insurance policy to provide primary or excess coverage and do not imply or require that a personal motor vehicle insurance policy provide coverage while the vehicle operator is providing transportation network services. In other words, generally speaking, the transportation network services insurance policy applies while the operator is using the application, and the applicable personal insurance policy applies at other times.

Local Assessments on Transportation Network Services

Under *Chapter 204 of 2015*, a county or municipality that licensed or regulated taxicab services on or before January 1, 2015, either directly or through PSC, may impose an assessment on trips that originate within the county or municipality – generally up to 25 cents per trip, subject to certain requirements. Baltimore City is not limited in the amount it may assess transportation network services. Generally, an assessment may not be imposed on a transportation network service by both a county and a municipality. A transportation network company must collect the assessments and any other fee, charge, or tax imposed by an exempt jurisdiction and remit the revenue to the Comptroller each quarter. The Comptroller must then disburse the revenue to local

governments accordingly. The revenue generated from the assessments must be used for transportation purposes.

Water and Sewer Disposal Companies

There are several hundred community water systems and sewage disposal systems in the State. The majority of these systems are owned by local governments. Their supply, infrastructure, and rates are not regulated by PSC, which only regulates 22 small private water and sewage disposal companies. PSC does review and authorize new franchises for water companies, new construction, and the consolidation of water systems.

Over time, water and sewer disposal companies may require significant investment in replacing or upgrading service equipment. Generally, any such investment for a given system must be paid for by the users of that system. *Chapters 190 and 191 of 2018* allowed PSC, after providing notice and holding both a public hearing and an evidentiary hearing, to authorize a rate consolidation for two or more water or sewage disposal companies, even if the systems are not physically connected. The companies must have common ownership, and the rate consolidation must be in the public interest. *Chapters 219 and 220 of 2018* established processes and related requirements for the sale and acquisition of a water or sewage disposal service provider with fewer than 400,000 customers for the purpose of converting the provider into a private company. PSC may authorize the acquisition if it finds that it is consistent with the public convenience and necessity.

Insurance Other than Health Insurance

During the 2015-2018 term, the General Assembly passed legislation impacting insurers that write property and casualty insurance, including measures related to proprietary rate-related information, civil actions, notices, risk management, cancellation of policies, exempt commercial policyholders, and risk retention groups. Other successful measures related to insurance professionals, including authorized representatives of motor vehicle rental companies, public adjusters, bail bondsmen, and insurance producers. Additionally, the General Assembly passed legislation specific to homeowner's insurance, motor vehicle insurance, portable electronic insurance, title insurance, medical malpractice insurance, and travel insurance. Lastly, several successful measures made changes to other types of insurance, including life insurance, long-term care insurance, and disability insurance.

Maryland Insurance Administration

Sunset Evaluation

The Department of Legislative Services (DLS) conducted a preliminary evaluation of the Maryland Insurance Administration (MIA) under the Maryland Program Evaluation Act in 2016. DLS found that MIA was fulfilling its statutory duties to regulate the insurance industry and recommended that it be waived from further evaluation under the Act. DLS recommended that

MIA submit two follow-up reports to DLS and specified legislative committees regarding (1) the status and effectiveness of premium tax collections using the online premium tax collection system that was then being developed and (2) the timeliness of property and casualty form filing review during fiscal 2017. In October 2017, MIA submitted both reports to DLS and the specified legislative committees.

Additionally, DLS recommended that MIA be removed from the list of governmental units subject to the sunset evaluation process because (1) the agency was subject to annual budget analyses that examined many of the same issues covered by sunset evaluation and (2) no other unit of State government that was comparable to MIA in size and scope of regulatory authority was subject to the Maryland Program Evaluation Act. *Chapters 65 and 66 of 2017* implemented these recommendations.

Reporting Requirements

Chapter 514 of 2017 repealed the requirement that the Maryland Insurance Commissioner submit (1) an annual report to the Governor and the General Assembly about the effect of competitive rating on the insurance markets in the State and (2) an annual report to the General Assembly about the use of territory as a factor in establishing private passenger automobile insurance rates by insurers and the Maryland Automobile Insurance Fund (MAIF). However, MIA was still required to continue to collect and analyze data relating to (1) the competitiveness of the private passenger automobile insurance and homeowner's insurance markets in the State and (2) the use of territory as a factor in establishing private passenger automobile insurance rates. MIA was still required to notify the Governor and the General Assembly whenever it should find any notable changes. On request, the information collected was required to be made available in accordance with applicable insurance laws and the Public Information Act.

Insurers

Proprietary Rate-related Information

Chapter 499 of 2016 established that information that an insurer filed with the Commissioner and identified as "proprietary rate-related information" (1) constituted a trade secret and confidential commercial information; (2) generally had to be kept confidential by the Commissioner; and (3) was not subject to subpoena served on the Commissioner or any recipient of proprietary rate-related information authorized by the Act. The Act defined "proprietary rate-related information" to mean a rating model and included the formulas, algorithms, analyses, and specific weights given to variables used in the model.

Under the Act, if the Commissioner determined that an insurer's identification of material as proprietary rate-related information did not constitute proprietary rate-related information, the Commissioner had to give the insurer written notice of that determination and, after 10 days, make the information open to public inspection. However, the Commissioner was prohibited from disclosing the information if the rate filing was not put into effect and the insurer withdrew the rate filing within the required time. The Commissioner was not prohibited from disclosing proprietary rate-related information in furtherance of regulatory or legal action, or to specified

regulatory and enforcement entities, including the People's Insurance Counsel Division and its outside consultant, if they agreed to maintain the confidentiality of the information. The Commissioner was required to notify the insurer in writing at least 10 business days before disclosing the information to specified regulatory or enforcement entities. Finally, the Act provided that the confidentiality provisions could not be construed to authorize an insurer to designate the rating factors used to calculate the premium as proprietary rate-related information or authorize the Commissioner to keep the rating factors confidential.

Civil Actions – Liability of Disability Insurer for Failure to Act in Good Faith

Disability insurance is the industry name for an optional type of insurance that provides benefits when an injured person is unable to work or otherwise obtain income. Generally, the insurance is designed to replace 45% to 65% of an injured person's gross income.

Section 3-1701 of the Courts and Judicial Proceedings Article lists the types of insurance under which a party may file a claim for recovery of actual damages, expenses, litigation costs, and interest in a first-party claim against an insurer if the insurer failed to act in good faith under specified circumstances. *Chapter 729 of 2016* added individual disability insurance policies to the listed types of insurance that could give rise to liability under § 3-1701. The Act applied to first-party claims made under individual "disability insurance" policies. The Act also amended the corresponding reporting requirement under State insurance laws by requiring MIA to include in its annual report to the General Assembly the number and types of complaints to MIA and under § 3-1701 from insureds regarding first-party insurance claims under individual disability insurance policies and the specified administrative and judicial dispositions of these complaints or actions.

Notice of Premium Increases

Chapter 137 of 2016 exempted policies of commercial insurance and workers' compensation insurance from the requirement that an insurer send notice to the named insured and insurance producer, if any, when the insurer intended to increase a renewal policy premium, if the renewal policy premium was to increase by 15% or less. The Act specified that an insurer would not be required to comply with the notice requirement if a separate notice containing specified information was sent. The Act also repealed a provision that considered the notice requirement to have been met when an insurer sent this separate notice.

Risk Management

The Risk Management and Own Risk and Solvency Assessment (ORSA) Model Act was developed by the National Association of Insurance Commissioners (NAIC) in response to the 2008 financial crisis and was formally adopted in 2011. It was intended to afford insurance regulators an enhanced view of an insurer's ability to withstand financial stress, including risks potentially posed to policyholders from other noninsurance entities within an insurance holding company system. Adoption of the ORSA model was a NAIC accreditation requirement for MIA to continue as a qualifying examination agency on which other jurisdictions could rely.

Chapter 36 of 2017 adopted the ORSA model. Among other things, the Act required a carrier such as an insurer, a nonprofit health service plan, a health maintenance organization, and dental plan organization, or the holding company of which the carrier was a member, to (1) maintain a risk management framework for identifying, assessing, monitoring, managing, and reporting its material and relevant risks; (2) complete an ORSA at least once each year and at any time there was a significant change to the carrier’s or holding company’s risk profile; and (3) submit an ORSA summary report to the Commissioner on request of the Commissioner but not more than once each year. The Act also established the requirements for filing an ORSA summary report with the Commissioner. A carrier was exempt from the requirements of the Act under certain circumstances. However, the Commissioner could still require an exempt carrier to comply with certain provisions of the Act under certain circumstances.

Chapter 36 also established that ORSA-related information in possession or control of the Commissioner was confidential and privileged and was not subject to the Public Information Act, a subpoena, or discovery. The Act prohibited the Commissioner, except under certain circumstances, from otherwise making ORSA-related information public without the prior written consent of the carrier to which it pertained. A carrier that, without just cause, failed to timely file an ORSA summary report was subject to a penalty of \$200 for each day the violation continued, up to a maximum of \$25,000. The Commissioner could reduce the penalty if the carrier demonstrated to the Commissioner that imposition of the penalty would constitute a financial hardship to the carrier.

Cancellation of Policies and Binders

Under Maryland law, a policy or binder of personal insurance, commercial property insurance, or commercial liability insurance is subject to a 45-day underwriting period beginning on the effective date of coverage. During the underwriting period, an insurer must comply with specific notice and other requirements to cancel the policy or binder. For cancellation of a policy of workers’ compensation insurance or private passenger motor vehicle liability insurance after the 45-day underwriting period, other requirements applied and sometimes differed from those applicable during the underwriting period.

Chapter 39 of 2017 amended the laws governing cancellations to clarify that the separate provisions for canceling a policy of workers’ compensation or private passenger motor vehicle liability insurance did not apply during the 45-day underwriting period. The Act also required each workers’ compensation insurer to file a copy of a notice of cancellation sent during the underwriting period with the Workers’ Compensation Commission.

Exempt Commercial Policyholders

Eligibility and Filing Requirements: An insurer is authorized to pay commissions or other compensation to licensed insurance producers. An “exempt commercial policyholder” is a person that pays at least \$25,000 in annual aggregate property and casualty premiums for commercial insurance policies in the State and meets other specified criteria.

Under State law, each insurer in the State must file with the Commissioner all rates, supplementary rate information, policy forms, and endorsements as well as all modifications of rates, supplementary rate information, policy forms, and endorsements that the insurer proposes to use. *Chapters 193 and 194 of 2018* altered the filing requirements so that both the rate and supplementary rate information file requirements that generally apply to insurance policies no longer would apply to insurance policies issued to an exempt commercial policyholder. Additionally, the Acts altered the eligibility requirements for a person to be considered an exempt commercial policyholder and repealed the requirement that an exempt commercial policyholder certify its status to the Commissioner.

Commission Expense Reduction Plans: A “commission expense reduction plan” is a structure that would give an insurance producer the discretion to lower the insurance producer’s commission in order to lower an insured’s premium payment. Although Maryland law did not authorize the structure for across-the-board use, *Chapter 513 of 2018* added some flexibility to commission payments by authorizing a commercial insurer to pay commissions, in a manner similar to such a plan, to a licensed insurance producer on a variable basis on policies issued to a qualified exempt commercial policyholder. The insurer could only do so if (1) the payment of the commission to the insurance producer resulted in a lower total cost of the policy to the policyholder and (2) the insurance producer receiving the commission agreed to the specific level of commission to be paid on the policy.

Risk Retention Groups

A risk retention group is a corporation or limited liability association that has as its primary activity the assuming and spreading all or part of the liability exposure of its group members. As a liability insurance company, the risk retention group is owned by those that it insures and a person who purchases insurance from the risk retention group is also purchasing an ownership share in the risk retention group. Risk retention group insurers were created under the federal Product Liability Risk Retention Act of 1981 to allow a form of “self-insurance” for businesses that found it difficult to obtain traditional insurance. The federal Act was broadened to include commercial liability under the Liability Risk Retention Act of 1986. NAIC adopted changes to its Model Risk Retention Act in 2011.

Chapter 667 of 2018 implemented those 2011 changes in Maryland. Specifically, *Chapter 667:*

- enhanced the regulatory framework that governed the formation and operation of risk retention groups chartered in the State, including establishing additional governance standards for risk retention groups, financial and legal audit requirements, and ethics requirements for risk retention group directors, officers, and employees;
- specified the persons and individuals that were considered service providers;

- prohibited a risk retention group from entering into a service provider contract that involved a material relationship unless the risk retention group notified the Commissioner at least 30 days in advance and the Commissioner did not disapprove the transaction;
- established new requirements and limitations for material service provider contracts; and
- increased the timeframe for a risk retention group chartered outside of the State to submit a copy of any material revision to its plan of operation or feasibility study to the Commissioner.

Insurance Professionals

Authorized Representatives of a Motor Vehicle Rental Company – Limited Lines License

A motor vehicle rental company must hold a limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle before the company or its employees may sell or offer any policy of insurance to a renter. *Chapter 51 of 2015* allowed an authorized representative of a motor vehicle rental company to perform the same functions, including selling insurance, as the employees of the motor vehicle rental company if the authorized representative met the same requirements, including training, as the company's employees who sold, offered, or provided insurance for rental vehicles. Under the Act, an employee or an authorized representative of a motor vehicle rental company who offered or sold insurance coverage on behalf of the company could be compensated for offering or selling the insurance, but could not be compensated in a manner based solely on the number of customers who purchased rental vehicle insurance.

The Act also required a motor vehicle rental company that held a limited lines license to sell insurance in connection with the rental of a motor vehicle to maintain a register that contained the names of each employee or authorized representative who offered motor vehicle insurance on behalf of the company, and the business addresses of all locations in the State where employees or authorized representatives offered the insurance. The register was subject to inspection by the Commissioner. Finally, the Act required an employee or authorized representative to inform a renter that the policy offered by the motor vehicle rental company might duplicate coverage already provided by the renter's other policies of insurance.

Certificates of Qualification, Licenses, and Registrations – Renewals

Chapter 84 of 2016 changed the renewal process for specified insurance professionals and entities. For surplus lines brokers, insurance producers, insurance advisers, motor clubs, and motor club representatives, the Act authorized MIA to send a renewal notice electronically if MIA had an electronic mail address on record. For surplus lines brokers and insurance advisers, the certificate or license would expire on the last day of the month in which the certificate or license holder was born instead of June 30. For surplus lines brokers, insurance advisers, motor clubs, and motor club representatives, renewal applications could be filed in an electronic format that the

Commissioner approved. For surplus lines brokers and insurance advisers, the Act established rules and procedures for MIA to accept renewal applications electronically. Finally, the Act required insurance producers to file an electronic mail address with MIA and report any change to the electronic mail address within 30 days after the change.

Public Adjusters

Chapter 155 of 2016 altered the license and renewal process for public adjusters in the State to conform more closely to the standards set by NAIC. Specifically, the Act repealed the qualification requirement that an applicant for a license be employed for one year by MIA or an insurer, adjuster, insurance producer, or public adjuster. Instead, consistent with other insurance professionals, public adjuster licensees were required to comply with a 24-hour continuing education requirement every two years.

The Act also modernized the license renewal process by authorizing the Commissioner to send notice of renewal by electronic mail and by authorizing a licensee to renew the license electronically. Under the Act, public adjuster licenses would expire on the last day of the month in which the license holder was born instead of June 30. The Act established rules and procedures for MIA to accept renewal applications electronically. Finally, the Act codified then-existing practice by requiring an applicant to pay a license fee rather than an application fee.

Chapter 106 of 2017 continued the modernization process by, among other things (1) redefining “public adjuster”; (2) exempting certain persons from the licensing requirement and providing that marketing on behalf of a public adjuster did not require a license; (3) establishing requirements and prohibitions for public adjuster service contracts; (4) requiring public adjusters to maintain a record that included specified information of each transaction entered into as a public adjuster; (5) specifying the professional obligations of a public adjuster and the ethical requirements to which a public adjuster must adhere; and (6) requiring a public adjuster to report certain information to the Commissioner within 30 days after the final disposition of an administrative action taken against the public adjuster in another jurisdiction or by another governmental unit in Maryland, or within 30 days after the initial pretrial hearing date for a criminal prosecution of the public adjuster brought in any jurisdiction.

Bail Bondsmen

Continuing Education Requirements: A bail bondsman is an authorized insurance producer of a surety insurer that issues bail bonds. To obtain or retain a license as a bail bondsman, the bondsman must (1) meet the requirements for acting as a property and casualty insurance producer in the State; (2) comply with any continuing education requirements that the Commissioner sponsors or approves; and (3) annually certify to the Commissioner that the majority of the bail bondsman’s income is from providing bail bondsman services. *Chapters 185 and 186 of 2017* required each insurance producer who possessed a license to sell property and casualty insurance and who sold, solicited, or negotiated bail bonds to receive continuing education that directly related to bail bond insurance.

Confessed Judgment Clauses in Installment Contracts: Chapter 807 of 2017 required an agreement to accept payment for the premium charged for a bail bond in installments to be in a form adopted by the Commissioner and prohibited a bail bondsman from including a confessed judgment clause that waived a consumer’s right to assert a legal defense to an action in the agreement. The Act also prohibited a confessed judgment clause that waived a consumer’s right to assert a legal defense to an action from being included in a bail bond agreement. Under the Act, this activity was considered an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

Insurance Producers

Payment of Insurance Premiums by Credit Card: A person is prohibited from willfully collecting a premium or charge for insurance that exceeds or is less than the premium or charge applicable to that insurance. ***Chapters 43 and 44 of 2017*** established an exception to this prohibition by specifying that an insurance producer was not prohibited from charging and collecting the expenses incurred when an insured made a premium payment using a credit card. However, any point of service credit card expenses could not be considered a premium for any purpose. An insurance producer that accepted alternative payment methods for premiums was required to fully disclose (1) all payment methods accepted by the insurer or insurance producer and (2) any charge for actual expenses incurred by the insurance producer for payment of a premium using a credit card. The Acts also authorized a surplus lines broker to charge and collect the actual expenses incurred when an insured paid a premium, policy fee, and any other fees and taxes related to a policy using a credit card. Any point of service credit card expense could not be considered “premium.” A broker was required to disclose the charge for actual expenses incurred on a form approved by the Commissioner.

Title Insurance Producers: A title insurance producer is a person that, for compensation, solicits, procures, or negotiates title insurance contracts. It includes a person that provides escrow, closing, or settlement services that may result in the issuance of a title insurance contract and does not include licensed title insurers or individuals employed and used by a title insurance producer for clerical and similar office duties. To act as a title insurance producer, an individual must obtain a license from the Commissioner.

Chapter 41 of 2017 repealed the requirement that, for license applicants that were partnerships, corporations, or limited liability companies, each partner of a partnership, controlling owner and officer of a corporation, and manager and officer of a limited liability company hold a license to act as a title insurance producer and, if applicable, an appointment with a title insurer. Instead, the Act required each controlling person and each trust money controller, as the Act defined those terms, to hold a title insurance producer license and, if applicable, an appointment with a title insurer. If an applicant for a license was a business entity (1) the application was to be accompanied by an entity authorization that contained specified information and (2) the Commissioner was to investigate the character of each person identified in the entity authorization as a controlling person or trust money controller. The Act also authorized a title insurer, subject to certain requirements, to limit its review of a title insurance producer or title agency that held

appointments with more than one title insurer to files, separately held accounts, and written documentation relating to that specific title insurer's title insurance policies.

Property and Casualty Insurance

Homeowner's Insurance

In relation to homeowner's insurance, a "Coverage A – Dwelling Limit" is the replacement cost for an entire home, and this is generally the limit of coverage for a homeowner's policy. While a standard homeowner's deductible is commonly a flat rate amount, certain insurers charge a percentage-based deductible based on the "Coverage A – Dwelling Limit" in certain circumstances. For example, if a home is insured for \$300,000, a flat rate deductible might result in a \$500 charge to an insured in the event of damage or loss, while a 5% deductible would be \$15,000.

Chapter 491 of 2016 authorized insurers to issue a policy of homeowner's insurance in the State that includes a deductible that is equal to a percentage of the "Coverage A – Dwelling Limit" of the policy. The insurer could require the percentage-based deductible in a policy of homeowner's insurance or offer the deductible as an option. If an insurer required a percentage-based deductible for damage caused by a hurricane, the deductible could apply only beginning at the time the National Hurricane Center of the National Weather Service issued a hurricane warning for any part of the State and ending 24 hours after the termination of the last hurricane warning issued for any part of the State, regardless of where the insured's home was located in the State. The hurricane warning timeframe did not apply to "other storms" such as hail, wind, snow, or thunderstorms if the insurer used a percentage-based deductible for those storms. A homeowner's insurer could not adopt an underwriting standard that required a percentage-based hurricane deductible that exceeded 5% of the "Coverage A – Dwelling Limit" of the policy unless the insurer had filed the underwriting standard with the Commissioner. The filing had to be made at least 60 days before the insurer intended to implement the underwriting standard. An insurer that issued a policy that included a percentage-based deductible was required to provide a specified statement at the time the policy was first issued and at every renewal.

Chapters 123 and 124 of 2017 authorized a homeowner's insurer to deliver specified offers, notices, and statements to an insured or applicant for a homeowner's insurance policy using electronic means if the insurer complied with certain requirements for notices delivered by electronic means. The Acts also required the Commissioner to adopt by regulation a notice containing specified information about homeowner's insurance policies to be provided to insureds or policyholders at each renewal of a policy.

Motor Vehicle Insurance

Volunteer Drivers: Chapter 488 of 2016 prohibited insurers that issued, sold, or delivered motor vehicle liability insurance policies in the State from (1) canceling the policy of a named insured or refusing to issue a policy to an applicant solely because the individual was a volunteer driver or (2) imposing a surcharge or otherwise increasing the rates for a policy solely because the named insured or applicant, a member of the named insured's or applicant's household, or an

individual who customarily operated the named insured's or applicant's motor vehicle was a volunteer driver. The Act defined "volunteer driver" as an individual who provided driving services, including the transportation of people or goods, without compensation other than for expenses to specified charitable organizations or not-for-profit organizations. Volunteer drivers for both types of organizations provide transportation for seniors who may not have their own transportation.

Uninsured Drivers: The Task Force to Study Methods to Reduce the Rate of Uninsured Drivers, established by Chapter 41 of 2014, studied various ways to educate the public about the financial responsibility law, to enable those who might be unable to afford motor vehicle insurance to comply with the financial responsibility law, and to further enforce the financial responsibility law. In recent years, the rate of uninsured motorists in Maryland has remained about 12.2%, according to the Insurance Resource Council. The task force made several recommendations for policies to reduce the rate of uninsured motorists in the State. The recommendations were included in several pieces of legislation passed by the General Assembly during the 2016 session.

As a way to educate the public, **Chapters 401 and 402 of 2016** required an insurer that issued, sold, or delivered a motor vehicle liability insurance policy in the State to provide an insurance identification card to an insured at the time a policy was initially issued and at each renewal. The card, which was required to include certain information, is a form of evidence of the required security for a motor vehicle and could also be produced in electronic format. The Acts further required the operator of a motor vehicle that was required to be registered in the State to (1) be in possession of, or carry in the motor vehicle, evidence of the required security for the motor vehicle when operating the motor vehicle on a highway in the State and (2) present evidence of the required security on request of a law enforcement officer. A person who violated this requirement was subject to a fine of \$50, which could be waived, but if collected was to be deposited in the Uninsured Motorist Education and Enforcement Fund. This new fund was to be used to administer the fund and educate drivers about and enforce the security requirements for motor vehicles under the Maryland Vehicle Law.

Chapters 401 and 402 provided that an insurance identification card was valid only for the period for which the insured had paid for motor vehicle liability coverage. If the insured was on an insurer-sponsored payment plan or had financed premiums through a premium finance company, the insurance identification card could be issued for a period of 6 months even if the payment by the insured was for a period of less than 6 months. Commercial motor vehicle liability insurers requested the General Assembly to clarify the law so that they could continue to write 12-month policies that were paid in multiple payments over the year for businesses that own multiple vehicles. Accordingly, **Chapter 624 of 2018** expressly authorized a commercial motor vehicle liability insurer to issue an insurance identification card for a period of 12 months if the policy was a 12-month policy and covered three or more vehicles. The insurance card could be issued even if the payment by the insured was for a period of less than 12 months.

As a way to make motor vehicle insurance more affordable, **Chapters 425 and 426 of 2016** exempted an applicant for a motor vehicle liability insurance policy from being required to obtain coverage for medical, hospital, and disability benefits – known as personal injury protection (PIP)

benefits – that must otherwise be provided (full PIP) or waived (limited PIP). However, to be eligible for the exemption, the applicant had to meet specified conditions, and the insurance policy being obtained could not provide coverage in excess of the minimum liability coverage required by State law. PIP coverage, a form of no-fault coverage, provides up to \$2,500 for payment of medical, hospital, and disability benefits arising from an accident. Full PIP provides coverage for those injured in an accident; limited PIP provides coverage for those injured in an accident except for the first named insured, listed drivers, and members of the first-named insured’s family who are at least 16 years old and reside in the household. MAIF was required to offer the option to reject PIP coverage to an eligible applicant, while other insurers could choose whether or not to offer that option.

The Acts also specified the process by which an applicant could reject PIP coverage and required an insurer, at the time of renewal of a policy that rejected PIP coverage, to change the policy to provide limited PIP coverage, unless the first named insured chose to obtain full PIP coverage instead. MAIF and other insurers that offered the option to reject PIP coverage were required to report specified information to MIA each year through October 2019, and MIA was in turn required to compile the information and submit its findings and recommendations to specified committees of the General Assembly on or before December 2019.

To enable persons who had delinquent uninsured penalty obligations to purchase motor vehicle insurance, *Chapter 446 and 447 of 2016* established the Program to Incentivize and Enable Uninsured Vehicle Owners to Be Insured, to be administered by the Motor Vehicle Administration (MVA). Its purpose was to reduce the number of uninsured vehicles in the State by creating incentives and enabling uninsured vehicle owners with delinquent uninsured vehicle penalties to be insured during a limited “amnesty” period. Under the program, MVA would (1) waive 80% of a vehicle owner’s delinquent uninsured vehicle penalties that became delinquent before January 1, 2014, and (2) require those owners to purchase and maintain the required security for their vehicles. The program under *Chapters 446 and 447* ended in 2017.

Chapters 195 and 196 of 2018 then reinstated the 2016 Acts’ program with the same name and a similar purpose and eligibility qualifications and other requirements but required the Uninsured Division of MAIF rather than MVA to administer the program. The latter Acts authorized the program to last up to 180 calendar days and required the program to begin not earlier than July 1, 2018, and end not later than December 31, 2019. MVA and the Central Collections Unit were required to provide MAIF with contact information and the total amount of delinquent uninsured vehicle penalties of each individual who might be eligible to participate in the program. MAIF was required to notify individuals who might be eligible with information about the program and where individuals could find contact information for insurers. After notification from MAIF about an eligible individual, MVA had to waive 80% of the eligible individual’s delinquent uninsured vehicle penalties that became delinquent on or before December 31, 2016. Within 60 days after the end of this latter program period, MAIF was required to report to the Governor and the General Assembly on the results of the program.

The fund established under *Chapters 446 and 447* was also reestablished by *Chapters 195 and 196* to be administered by MAIF rather than MVA. Once again, revenues from the fund were

to be used to educate drivers and the public about the security requirements under the Maryland Vehicle Law and the sources of automobile insurance in the State and also to administer the fund.

Enhanced Underinsured Motorist Coverage: Uninsured motorist coverage pays for injury and damages caused by an uninsured driver or a hit-and-run driver. This coverage reimburses the policyholder, members of the policyholder’s family, or the designated driver for an accident caused by the uninsured motorist. This coverage generally pays for medical bills and wage loss; pain, suffering, and disfigurement; emotional distress; and loss of future earning capacity. Uninsured motorist coverage also may include property damage as long as the insurer’s coverage is at least equal to the required coverage under MAIF’s Uninsured Division and the minimum required levels of coverage specified in Title 17 of the Transportation Article. For purposes of uninsured motorist coverage, “uninsured motor vehicle” means a motor vehicle (1) ownership, maintenance, or use which has resulted in the bodily injury or death of an insured and (2) for which the sum of the limits of liability under all valid and collectible liability insurance policies, bonds, and securities applicable to bodily injury or death is less than the amount of uninsured coverage under the insured party’s motor vehicle liability insurance policy or has been reduced by payment to other persons of claims arising from the same occurrence to an amount less than the amount of coverage under the insured party’s motor vehicle liability insurance policy.

Chapter 20 of 2017 established “enhanced underinsured” motorist (EUIM) coverage in the State as an alternative to the uninsured motorist coverage described above. The first-named insured under a policy or binder of private passenger motor vehicle liability insurance policy may elect to obtain EUIM coverage instead of the uninsured motorist coverage generally required for registered motor vehicles in the State. The EUIM coverage contained in a private passenger motor vehicle liability insurance policy (1) must at least equal the amounts required by Title 17 of the Transportation Article and the coverage provided to a qualified person by MAIF for unsatisfied claims and (2) may not exceed the amount of liability coverage provided under the policy. The amount of EUIM coverage provided under a private passenger motor vehicle liability insurance policy must equal the amount of liability coverage provided under the policy. For purposes of EUIM coverage, “underinsured motor vehicle” means a motor vehicle that has liability coverage in an amount less than, more than, or equal to the uninsured motorist coverage provided under the insured party’s motor vehicle liability insurance policy. The limit of liability for an insurer that provides enhanced underinsured motorist coverage is the amount of that coverage *without* any reduction for the amount paid to the insured that exhausts any applicable liability insurance policies, bonds, and securities, on behalf of any person that may be held liable for the bodily injuries or death of the insured.

Commercial Motor Vehicle Insurance Study: The American Trucking Association estimated that there would be a significant truck driver shortage nationwide by the mid-2020’s. The association cited, as one challenge in resolving the shortage, the fact that commercial motor vehicle insurance coverage is not broadly available to entry-level commercial driver’s license holders. In response, ***Chapter 208 of 2015*** required the Department of Labor, Licensing, and Regulation (DLLR) to conduct a study of the availability, accessibility, and affordability of commercial motor vehicle insurance for motor carriers that want to employ entry-level commercial driver’s license holders, and to make recommendations on how to make commercial motor vehicle

insurance for motor carriers more available, accessible, and affordable. DLLR submitted its final report to the Senate Finance Committee and the House Economic Matters Committee in April 2017.

Premium Increase Based on Change in Marital Status: Under Maryland's nondiscrimination laws, an insurer under a policy of private passenger motor vehicle insurance is prohibited from taking certain actions with respect to the policy, including increasing a renewal premium based wholly or partly on the credit history of the insured or applicant. ***Chapters 639 and 640 of 2017*** expanded these nondiscrimination provisions by prohibiting an insurer from increasing the premium for an insured who became a surviving spouse based solely on the insured's change in marital status.

Reinstatement of Policy Without Lapse in Coverage: Chapter 725 of 2017 authorized a motor vehicle insurer and MAIF to reinstate, without a lapse in coverage, a private passenger motor vehicle liability insurance policy that was canceled for nonpayment of premium on payment by the policyholder of (1) all earned premiums owed to the insurer or MAIF and (2) any reasonable fee approved by the Commissioner. Before a policy could be reinstated, the policyholder was required to provide a written certification that no losses had been incurred by the policyholder from the time and date the policy was canceled through the time and date the policy was reinstated. Reinstatement of a policy was to be implemented in accordance with written underwriting guidelines adopted by the insurer or MAIF, and was subject to certain requirements in the same manner as a cancellation, a refusal to underwrite, or a refusal to renew a risk or class of risk. A premium finance company was not required to reinstate a policy if the insurer required a reinstatement fee to be paid by the insured and the insured failed to pay the reinstatement fee in a timely manner.

The Act also clarified that certain prohibitions against a person willfully collecting a premium or charge for insurance that exceeded or was less than the premium or charge applicable to that insurance did not prohibit a motor vehicle insurer or MAIF from charging and collecting a reasonable fee approved by the Commissioner for reinstatement, without a lapse in coverage, of a private passenger motor vehicle liability insurance policy. The Commissioner was required to review the administrative expenses submitted by an insurer or MAIF that were associated with the reinstatements, and could approve a fee that did not exceed (1) \$10 if charged by an insurer or MAIF or (2) \$15 if charged by an insurance producer or a fund producer.

Finally, the Act increased the amount a fund producer that placed automobile insurance with MAIF could charge an applicant to \$25 plus \$1 more than the actual charge assessed by MVA for a driving record, instead of \$10 plus \$1 more than that actual charge.

Maryland Automobile Insurance Fund – Operations: Through MAIF's Insured Division, MAIF provides automobile liability insurance to residents of the State who are unable to obtain policies in the private insurance market. ***Chapter 509 of 2017*** made several substantive changes to MAIF operations. The Act exempted MAIF from the 2% premium tax for its automobile insurance policies for four and one-half years. The Act also authorized MAIF to file and use rates for automobile insurance in the same manner as other automobile insurers in the State, rather than

requiring filing for prior approval of rates. Additionally, the Act (1) repealed the applicability of the Open Meetings Act to MAIF; (2) clarified that MAIF is subject to the Administrative Procedures Act with respect to certain regulations adopted by MAIF for its Uninsured Division; and (3) removed MAIF's Executive Director from membership on the audit committee that oversees MAIF's annual fiscal compliance audits.

Peer-to-peer Car Sharing: Peer-to-peer car sharing programs have become increasingly popular in the State as an alternative to traditional vehicle rentals. Similar to the way Airbnb allows a person to rent out a home or offer lodging on a temporary basis directly to customers using the online Airbnb platform, peer-to-peer car sharing programs allow a vehicle owner to share a private vehicle with another person through an online platform. The financial transaction for the car sharing takes place between the vehicle owner and the vehicle driver with the peer-to-peer car sharing program acting as a broker, which guarantees some level of protection for, and good faith between, the vehicle owner and the vehicle driver.

Chapter 852 of 2018 established a regulatory framework for peer-to-peer car sharing in the State, including insurance requirements. Many provisions resembled those applicable to rental car companies. Specifically, the Act:

- required a peer-to-peer car sharing program to hold a limited lines license from MIA to sell insurance in connection with, and incidental to, the reservation of a shared motor vehicle by a shared vehicle driver through the program;
- required a peer-to-peer car sharing program agreement with the shared vehicle driver and the shared vehicle owner to include specified disclosures;
- required a peer-to-peer car sharing program to ensure that, during each car sharing period, the shared vehicle owner and the shared vehicle driver each be insured;
- provided that the insurance coverage through a peer-to-peer car sharing program for a shared vehicle driver could be exclusive and for a shared vehicle driver had to be primary except if the vehicle were being used as a replacement vehicle;
- authorized an insurer to exclude all coverage afforded under a shared vehicle owner's personal motor vehicle liability insurance policy for any loss or injury that occurred during the car sharing period;
- subjected sales of peer-to-peer car sharing to an 8% sales tax for two years starting July 1, 2018, as compared with sales of traditional short-term car rentals which remained taxed at 11.5%;
- prohibited a peer-to-peer car sharing program from entering into an agreement with a driver unless the driver held a driver's license;

- required a peer-to-peer car sharing program to have a concession fee agreement with the Maryland Aviation Administration as a condition of operating at an airport; and
- required MVA and the Office of the Comptroller to provide information relating to taxation and government fees imposed in connection with short-term rentals and peer-to-peer sharing to assist in the determination of a fair and equitable State taxation on peer-to-peer car sharing sales.

Portable Electronic Insurance

Chapters 693 and 694 of 2016 repealed the termination date of a provision that had temporarily allowed a portable electronics vendor, or an authorized representative of the vendor, to compensate an employee in a manner based, in part, on the sale of portable electronics insurance. However, the compensation could not depend solely on the sale of portable electronics insurance. The Acts also repealed corresponding complaint tracking and reporting requirements.

Title Insurance

A rating organization is an organization that develops rates and forms to be used by insurers that join the rating organization. The organization then files the rates and forms on behalf of each member insurer to fulfill the insurer's rate and form filing obligations. To act as a rating organization in the State, an entity must obtain a license from the Commissioner. *Chapter 38 of 2017* authorized the Commissioner to issue a rating organization license for title insurance. The Act also authorized, but did not require, a title insurer to fulfill its rate filing obligation to the Commissioner by (1) being a member of or a subscriber to a licensed title insurance rating organization that made filings and (2) authorizing the Commissioner to accept filings on its behalf from the rating organization. The Act authorized a title insurance rating organization to request a hearing on behalf of its members or subscribers on notice of disapproval of a filing by the Commissioner. The Act exempted title insurance rate filings by a rating organization on behalf of a title insurer from the requirement that the Commissioner make a determination on a filing within a certain time period or the filing would otherwise be deemed approved. Finally, the Act established that a title insurance rating organization was subject to the same regulatory oversight provisions as other rating organizations, including being examined at least once every five years.

Medical Malpractice Insurance

Chapters 209 and 210 of 2016 allowed a medical malpractice insurance policy to include coverage for the defense of a health care provider in a disciplinary hearing arising out of the practice of the health care provider's profession if the cost of the included coverage was (1) itemized in the billing statement, invoice, or declarations page for the policy and (2) reported to the Commissioner in a form and manner required by the Commissioner.

Travel Insurance

Travel insurance is coverage for personal risk related to planned travel including interruption or cancellation of a trip or event; loss of baggage or personal effects; damage to accommodations or a rental vehicle; or sickness, accident, disability, or death occurring during travel, if issued as incidental to coverage. Travel insurance does not include a major medical plan that provides comprehensive medical protection for a traveler on a trip lasting six months or longer.

In an effort to modernize the regulation of travel insurance, as recommended by NAIC, *Chapters 197 and 198 of 2018* established an updated regulatory framework for the sale of travel insurance in the State. Specifically, the Acts:

- expanded the definition for “travel insurance” and established numerous definitions related to the sale, issuance, and administration of travel insurance;
- prohibited a cancellation fee waiver or travel assistance service, such as lost luggage assistance or a destination information service, from being construed as insurance;
- authorized travel protection plans to be sold together for one price under certain conditions;
- authorized travel insurance to be sold in the State in the form of an individual, a group, or a blanket policy; and
- clarified that an insurer that issued or sold a travel insurance policy in the State was required to pay the premium tax on insurance sold to a resident of the State, certain primary certificate holders, or certain blanket travel insurance policyholders.

Additionally, a person who offered travel insurance to a resident of the State was newly subject to the provisions of the Insurance Article that govern unfair trade practices, such as unfair methods of competition, deceptive acts, unfair claims settlement practices, and acts of insurance fraud.

Life Insurance

Standard Valuation Law and Reserve and Nonforfeiture Requirements

Life insurance policy reserves are the money that an insurer must set aside in the present to pay expected future life insurance claims. Life insurance policy reserves are calculated, or “valued,” using pre-set formulas.

In 2009, NAIC adopted a revised model Standard Valuation Law (SVL), which introduced a new method for calculating life insurance policy reserves to more easily adapt requirements for changing life insurance products. This new method was referred to as principle-based reserving (PBR). A supermajority of NAIC members adopted the valuation manual in December 2012, paving the way for states to begin adopting the revised SVL. Once at least 42 states representing

75% of the total U.S. premium adopted the revisions to the SVL, PBR would be implemented. Subject to certain transition provisions, all policies issued on or after the operative date of the valuation manual would be subject to the PBR standard.

As the industry moved toward PBR, challenges were expected, including a substantial initial expense of implementing a PBR system for some insurers. To allow insurers time to identify and address these challenges, the valuation manual provided a three-year transition period beginning on the operative date of the manual before insurers would be required to comply with PBR standards.

Chapter 367 of 2015 required insurers, on or after the operative date of a valuation manual adopted by the NAIC, to value their reserves for life insurance policies, accident and health insurance contracts, and deposit-type contracts using the PBR method in accordance with the valuation manual. Any conflict between Maryland law and the valuation manual was to be resolved in favor of Maryland law. The PBR Valuation Manual became operative on January 1, 2017.

Freedom to Travel

Chapter 123 of 2016 prohibited life insurers from (1) refusing to insure; (2) refusing to continue to insure; (3) limiting the amount, extent, or kind of coverage available to an individual; or (4) charging a different rate for the same coverage solely for reasons associated with an applicant's or insured's future lawful travel plans, unless bona fide differences in risk or exposure were substantiated by the use of relevant data from at least one independent reliable source. The Act also clarified that certain statutory prohibitions on discrimination related to past lawful travel experiences applied only to life insurance contracts.

Life of a Minor

Before 2018, Maryland life insurance law did not differentiate between the life of a minor and the life of an adult with respect to the issuance of life insurance. *Chapters 430 and 431 of 2018* established additional obligations and requirements for life insurers when considering, underwriting, or issuing a life insurance policy on the life of a minor. The Acts required an application for a life insurance policy on a minor to include the signature of the applicant and the signature and consent of the minor's parent or legal guardian, unless the minor was married or emancipated.

In addition, the application or an endorsement to the policy was required to include a specified notice that warned the applicant that a beneficiary involved in the killing of the insured was not entitled to benefits under the policy. Further, as part of the life insurer's written standards and procedures for policy application and acceptance, the insurer, among other requirements, had to request that the applicant identify the amount of other life insurance policies on the minor being insured, document the applicant's response to that inquiry, and take reasonable steps to verify the amount of the other policies that were in force or were pending.

Long-term Care Insurance and Disability Insurance

Long-term Care Insurance

Premium Rates: Insurers, nonprofit health service plans, and preferred providers all may offer long-term care insurance in the State. *Chapter 672 of 2017* prohibited any of these carriers that offered, issued, or delivered a policy, contract, or certificate of long-term care insurance in the State from charging a premium to an insured under a long-term care policy or contract or changing the premium charged before the premium rate or rate change had been filed with and approved by the Commissioner. Any applicable premium rate or premium rate change was required to be filed with the Commissioner in accordance with regulations adopted by the Commissioner for the Commissioner's approval or modification. Additionally, the Act required the Commissioner to provide specified information about long-term care insurance premium rates on MIA's website, and to hold a public hearing at least quarterly to review long-term care insurance rate filings received during the preceding three-month period.

Finally, the Act required MIA to assess the impact on long-term care insurance policyholders and carriers of a then-existing regulation requiring carriers to offer a nonforfeiture benefit and to determine, based on its assessment and any other relevant factors, whether expanding the nonforfeiture benefit requirement might be desirable. MIA submitted the report to the General Assembly in December 2017.

Contingent Benefits: Under Maryland regulations, an insurer may not deliver or issue a long-term care insurance policy unless the option of purchasing a nonforfeiture benefit has been offered. A nonforfeiture benefit allows a consumer to retain some value of the policy if the policy lapses due to nonpayment of premium. If an applicant rejects the offer of a nonforfeiture benefit at time of application or if, for specified products, the applicant accepts the nonforfeiture benefit on a policy with a fixed or limited premium paying period, the carrier must provide for a contingent benefit upon lapse.

Chapter 508 of 2018 required a long-term care insurance carrier to provide to an insured a contingent benefit upon lapse if (1) the carrier increased the premium rate for the insured; (2) the insured had maintained the policy or contract for at least 20 years; and (3) the insured terminated the policy or contract within 120 days after the premium increase became effective. The contingent benefit upon lapse was required to be a paid-up coverage with no additional premium due and with a reduced lifetime maximum benefit equal to the sum of all premiums paid less any claims paid. All other benefits of the policy or contract in effect on the date of the lapse were required to remain unchanged and could not be increased after the date of the lapse.

Disability Insurance

Chapter 96 of 2015 applied to disability insurance that (1) provided for lost income, revenue, or proceeds in the event that an illness, accident, or injury resulted in a disability that impaired an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance was intended to replace and (2) did not include payment for medical expenses,

dismemberment, or accidental death. The Act authorized this type of disability insurance to be procured from a nonadmitted insurer in the State as a surplus line if the coverage procured was in excess of coverage available from, or was unavailable from, admitted insurers in the State that wrote that particular kind and class of insurance. The procurement of disability insurance authorized by the Act was required to meet diligent search and other specified requirements of State insurance laws governing surplus lines.

Motor Clubs

According to MIA, over time the provisions of State law that governed motor clubs failed to keep pace with changes in the marketplace. A “motor club” was defined under State law to mean a person engaged directly or indirectly in selling, offering for sale, furnishing, or procuring motor club service. *Chapter 39 of 2015* clarified the applicability of provisions of State insurance law that governed motor clubs. Specifically, the Act provided that the provisions of law that govern motor clubs did not apply to (1) a motor vehicle manufacturer or distributor, or a wholly owned subsidiary, that offered for sale, furnished, or procured emergency road service, towing service, or other service that would be offered by a licensed motor club as part of a mechanical repair contract or (2) a licensed vehicle dealer or any person that offered for sale, furnished, or procured emergency road service, towing service, or other service that would be offered by a licensed motor club as part of a mechanical repair contract if the provider of services maintained adequate insurance reserves as defined by the Commissioner and the mechanical repair contract was offered in compliance with a specified State law.

The Act also provided that the laws relating to motor clubs did not apply to (1) an authorized property and casualty insurer that provided emergency road service, towing service, or a similar type of indemnification under a policy that was filed with and approved by the Commissioner or (2) an obligor under a mechanical repair contract that provided emergency road service, towing service, or other service that would be offered by a licensed motor club if the mechanical repair contract were offered in compliance with a specified State law.

Additionally, *Chapter 39* required that (1) the fees charged to motor club members be filed with the Commissioner when the motor club initially applied for a license and at each license renewal and (2) the fees charged and the services or benefits to which members were entitled be included in the service contract. The Act clarified that emergency road service provided as a “motor club service” included the replacement of a motor vehicle key or key fob if the key or key fob became inoperable or was lost or stolen. Finally, the Act prohibited an unlicensed person from representing to the public that the person was licensed or otherwise authorized to provide motor club service or to engage in the business of a motor club in the State.

Horse Racing and Gaming

During the 2015-2018 term, the General Assembly passed legislation related to horse racing including the distribution of video lottery revenues at racetracks, an anti-doping interstate compact for breed-specific rules, and alterations to the Maryland International and Preakness

Stakes. The term also saw legislation related to gaming including the operation and regulation of fantasy competitions, the operation of video lottery facilities, the use of video lottery facility proceeds, and the sale of State Lottery tickets.

Horse Racing

Distribution of Video Lottery Revenues

From the video lottery terminal (VLT) proceeds at each video lottery facility, generally (1) 5.5% are distributed as local impact grants to local governments in which a facility is operating; (2) 6%, not to exceed \$100 million, is distributed to the Purse Dedication Account to fund thoroughbred and standardbred purses and bred funds; and (3) except for the video lottery facility in Allegany County, 1% is distributed to the Racetrack Facility Renewal Account to fund racetrack capital construction and improvement projects.

Local Impact Grants: Through the end of fiscal 2032, generally 18% of the local impact grants must go to Baltimore City with the Pimlico Community Development Authority acting as the local development council. Of that amount, \$500,000 annually from fiscal 2015 through 2019 must be distributed to communities within three miles of the Laurel Race Course based on the distribution of impact aid from Laurel horse racing to Anne Arundel County, Howard County, and the City of Laurel. *Chapter 767 of 2018* made permanent the \$500,000 annual distribution to the Laurel Race Course communities beyond fiscal 2019.

Purse Dedication Account (PDA): Chapter 412 of 2011 temporarily authorized distributions from the standardbred portion of the PDA of up to \$1.2 million annually each to Ocean Downs Race Course and Rosecroft Raceway for financial assistance for operating losses, in accordance with generally accepted accounting principles, to support a minimum of 40 live racing days each year. *Chapter 227 of 2015* and *Chapters 333 and 334 of 2018* extended this authorization through 2019 and 2024, respectively.

Racetrack Facility Renewal Account (RFRA): *Chapter 500 of 2017* altered the conditions of eligibility for racing licensees to receive RFRA funds. For each year that funding is requested, Laurel Park and Pimlico Race Course must spend a combined total of at least \$1.5 million, and Rosecroft Raceway and Ocean Downs Racetrack must each spend at least \$300,000 for capital maintenance and improvements.

Anti-Doping Interstate Compact

Chapters 521 and 522 of 2018 entered Maryland into the Interstate Anti-Doping and Drug Testing Standards Compact and authorized the State Racing Commission to participate in the compact. The compact is enforceable when enacted by any two eligible states. The purpose of the compact is to enable member states to act jointly and cooperatively to create more uniform, efficient, and effective breed-specific rules and regulations relating to the permitted and prohibited use of drugs and medications for the health and welfare of the horse and the integrity of racing, and testing for such substances, in or affecting a member state.

Maryland International and Preakness Stakes

Chapter 727 of 2016 established the Maryland International thoroughbred race, a Grade 1 stakes race, to be conducted by a licensee at Laurel Park. The Act also provided \$500,000 in funding from State lottery revenues for each of the following: (1) the Maryland International purse (through fiscal 2019); and (2) bonuses for Maryland-bred or Maryland-sired horses running in the Preakness Stakes in fiscal 2017. **Chapters 184 and 185 of 2018** (1) changed the amount to be distributed for the Maryland International thoroughbred race from \$500,000 to “up to” \$500,000; (2) changed the race from a Grade 1 to a graded stakes race; (3) from the distribution in fiscal 2019 to the fund for the race purse, allowed any unused amounts to stay in the fund for disbursement in later years; (4) allowed the race to continue after fiscal 2019; and (5) beginning in fiscal 2020, required any fund amounts paid by the Comptroller to the race purse, for specified grants, or for a specified bonus award program to remain available exclusively for those purposes.

Fantasy Competition

Chapter 346 of 2012 exempted “fantasy competition” from State gaming prohibitions and authorized the Comptroller to adopt related regulations. The Act defined a fantasy competition as any online fantasy or simulated game or contest such as fantasy sports in which (1) participants own, manage, or coach imaginary teams; (2) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; and (3) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals. **Chapter 853 of 2018** prohibited a person from operating a kiosk or machine that offers fantasy competitions to the public in a place of business physically located in the State. The Act also transferred the authority to adopt regulations relating to fantasy competitions from the Comptroller to the State Lottery and Gaming Control Commission (SLGCC).

Sports Betting

The federal Professional Amateur Sports Protection Act (PASPA) made betting on sports illegal under federal law but exempted certain types of sports betting in states that had authorized it before PASPA or within a year after PASPA became effective. Thus, Delaware, Montana, Nevada, and Oregon could offer betting on sporting events, but only Delaware and Nevada authorized sports betting. New Jersey challenged PASPA in the Supreme Court in *Murphy v. National Collegiate Athletic Association* (formerly *Christie v. NCAA*), arguing that PASPA violated the Constitution by “commandeering” the states into enforcing federal law. The Supreme Court heard oral arguments in December 2017 and ruled on May 14, 2018, that PASPA is unconstitutional, leaving states free to authorize sports betting. Some states, including Connecticut, Mississippi, New York, Pennsylvania, and West Virginia, recently legalized sports betting in anticipation of a favorable Supreme Court ruling in the case.

Senate Bill 836 and House Bill 1014 of 2018 (both failed) would have established, subject to voter referendum, that the General Assembly may authorize SLGCC to issue a license to offer sports betting in the State. If approved at referendum, legislation would have been required to

provide for the operation, regulation, and disposition of proceeds. *House Bill 1014* would have been made contingent on the overturning or repeal of PASPA and would have authorized SLGCC to issue sports betting licenses to a video lottery operation licensee or a licensee for mile thoroughbred racing or harness racing. Finally, *House Bill 1014* would have included intent language that, if authorized, State revenues generated by sports betting would be used for dedicated purposes, including public education.

Video Lottery Facilities

Minority Business Enterprise Participation

Chapter 4 of the 2007 special session included a requirement that construction and procurement related to the operation of video lottery facilities meet the same requirements for minority business participation specified for State agencies in State law. That provision, reauthorized in 2011, was scheduled to terminate July 1, 2018. *Chapters 335 and 336 of 2018* extended by one year the requirements for minority business participation and required the Maryland Department of Transportation to conduct a disparity study, by December 14, 2018, of minority business enterprise-requirement compliance with federal law.

Transfer of Video Lottery Terminal Ownership

Prior to 2017, video lottery operation licensees owned or leased their own VLT devices, with the exception of the licensees in Allegany and Worcester counties, which used VLTs leased by SLGCC. *Chapter 339 of 2017* required the video lottery operation licensees in Allegany or Worcester counties to own or lease their VLT devices and the associated equipment and software after March 31, 2020, with an incentive for early compliance. Because the licensees in those counties complied with the Act's requirement before January 1, 2019, *Chapter 339* altered the distribution of VLT proceeds so that the licensees receive 10% of VLT proceeds. Finally, for the first 10 years of operations at a video lottery facility in Allegany County, 1% of VLT proceeds from the facility is distributed as local impact grants instead of to the State Lottery and Gaming Control Agency (SLGCA).

Problem Gambling Fund

Video lottery operation licensees pay annual fees to the Problem Gambling Fund in the Maryland Department of Health. *Chapter 845 of 2017* required that (1) expenditures from the fund be used to establish an outreach program for compulsive and problem gamblers, including those individuals who requested placement on the voluntary exclusion list, for the purpose of participating in problem gambling treatment and prevention programs, and (2) treatment and prevention programs must be free or at reduced cost.

Donation of Coins

Chapter 479 of 2016 required SLGCA to establish a pilot program requiring one video lottery operation licensee to offer players the opportunity to donate coins to the Maryland Veterans Trust Fund when receiving cash on payout. *Chapters 449 and 450 of 2017* expanded the program

to all video lottery operation licensees. The licensees are required to attach donation boxes near the exits of video lottery facilities.

Employee Licenses

An individual under the age of 21 is prohibited from entering or remaining in an area within a video lottery facility. *Chapter 117 of 2015* altered this prohibition so that a video lottery employee who is at least 18 years old may be in the area if the employee is working.

Video Lottery Facility Proceeds

Public Education Funding

Chapter 357 of 2018 proposed a constitutional amendment, subject to voter approval, requiring the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020.

For a more detailed discussion of *Chapter 357*, see the subpart “Primary and Secondary Education” within Part L – Education of this *Major Issues Review*.

Reconciliation of Proceeds

Chapter 445 of 2017 altered the definition of VLT and table game “proceeds” so that, consistent with regulations adopted by SLGCC, if a video lottery operation licensee returns to successful players more than the amount of money bet through VLTs or table games on a given day, the licensee may subtract that amount from the proceeds of a following day. SLGCC adopted regulations limiting the number of days a licensee could subtract its losses to two days. *Chapter 299 of 2018* changed the maximum number of days a licensee could subtract its losses from two to seven days and repealed the authority of SLGCC to adopt regulations establishing the number of days.

Local Impact Grants

Allegany and Prince George’s Counties: Chapter 472 of 2017 required that (1) at least 20% of the local impact grants in Allegany County from VLT proceeds must be used for capital projects for municipalities and nonprofit organizations in the county and (2) \$125,000 of local impact grants in Prince George’s County must be provided annually to communities within 2.5 miles northeast of the video lottery facility in Prince George’s County.

Baltimore City: Chapter 314 of 2016 altered the local impact grant distribution in Baltimore City and established the South Baltimore Gateway Community Impact District Management Authority. Beginning in fiscal 2018, at least 50% of local impact grants from VLT proceeds distributed to Baltimore City must be distributed to the authority for community grants and improvements. *Chapter 751 of 2018* required the State to distribute specified local impact

grants directly to the authority and repealed a requirement that Baltimore City establish a schedule for the distribution and expenditure of the funds.

Unclaimed VLT Winnings

Chapters 451 and 452 of 2017 required a jackpot won at a VLT that is not claimed by the winner within 182 days after the jackpot is won to become the property of the State and be distributed as follows: 2.5% to the Small, Minority, and Women-Owned Businesses Account (SMWOBA); 9.5% in local impact grants; 10.0% to the Purse Dedication Account established under the authority of the State Racing Commission; 1.5% to the Racetrack Facility Renewal Account; and the remainder (76.5%) to the Education Trust Fund.

Small, Minority, and Women-Owned Businesses Account

Generally, 1.5% of VLT proceeds at each video lottery facility must be distributed to SMWOBA. *Chapter 23 of 2017*, the Budget Reconciliation and Financing Act, redirected any new funding to the account to (1) the general fund for fiscal 2018 to help pay for grants to local boards of education provided for under *Chapter 6 of 2017* and (2) the Education Trust Fund for fiscal 2019 and 2020.

State Lottery

Raffles

Chapter 118 of 2015 expanded the definition of “State lottery” to include a raffle conducted by SLGCA. SLGCA may enter into agreements to operate multijurisdictional raffles with any other political entity, including another state, or with a private licensee.

Online Lottery Tickets

Prior to 2017, there were no statutory or regulatory provisions that prohibited SLGCA from selling lottery games over the Internet. Chapter 293 of 2014 established that the legislative intent of the General Assembly is for SLGCA not to implement any new e-commerce related to lottery sales before April 6, 2015. *Chapters 447 and 448 of 2017* prohibited SLGCA from allowing the establishment of any system or program that allows a person to purchase a State lottery ticket through an electronic device that connects to the Internet, such as a personal computer or mobile device.

Economic Development

During the 2015-2018 term, the General Assembly passed legislation restructuring the principal economic development entities in the State and other legislation recommended by the Maryland Economic Development and Business Climate Commission. The term saw legislation establishing new business development programs and modifying existing business development programs. Lastly, the General Assembly focused on measures relating to regional and local

economic development, unmanned aircraft systems, technology transfers at a university in the State, and energy innovation at a new institute established in a university in the State.

Maryland Economic Development and Business Climate Commission

In response to concerns regarding the business climate in the State, in March 2014 the Presiding Officers of the General Assembly established and appointed the Maryland Economic Development and Business Climate Commission (Augustine Commission or commission) to focus on the State's economic development structure and incentive programs. The commission held 13 public meetings throughout the State and discussed pertinent issues with individuals and organizations from the business, labor, government, academic, and related communities. In February 2015, the commission reported its interim findings and recommendations to the Presiding Officers. The interim report focused on nontax issues affecting the State's economic competitiveness, particularly job creation. The principal finding of the commission in the interim report was that Maryland has not nearly reached its potential in growing business and creating jobs. As a result of the commission's work, the Presiding Officers introduced a package of legislation to implement several of the commission's recommendations.

Economic Development Restructuring

In the State, there were four primary entities associated with the State's economic development efforts: the Department of Business and Economic Development (DBED); the Maryland Economic Development Commission (MEDC); the Technology Development Corporation (TEDCO); and the Maryland Economic Development Corporation (MEDCO).

The mission of DBED was to strengthen the Maryland economy. DBED developed and implemented programs that aimed to generate new jobs or retain existing jobs, attract business investment in new or expanding companies, and promote the State's strategic assets. The department's primary goals were to increase business investment in Maryland, enhance business success and the competitiveness of businesses in their distinct markets, and develop a diverse economic base and ensure that all jurisdictions share in the State's economic vitality.

The purpose of MEDC was to establish economic development policy in the State and oversee the department's efforts to support the creation of, attract, and retain businesses and jobs. MEDC developed and updated an economic development strategic plan for the State and recommend to the Governor the program and spending priorities needed to implement the plan. In addition, MEDC carried out other specified duties.

TEDCO was launched in 1998 to help commercialize the results of scientific research and development conducted by higher education institutions, federal laboratories, and private-sector organizations. TEDCO aimed to promote new research activity and investments that lead to business development in Maryland. To achieve its goals, TEDCO provided nonequity investments to early stage technology businesses, and it funded development and patenting of new technologies at research universities. TEDCO also developed linkages with federal research facilities in the State and helped companies to pursue research funds from federal and other sources.

MEDCO, a nonbudgeted entity created in 1984 by the General Assembly, assisted business and governmental entities through ownership, financing, and development of real and personal property projects. MEDCO purchased or developed property that is leased to others and makes loans to companies throughout the State to maintain or develop facilities.

After reviewing the State’s economic development entities and functions, the Augustine Commission found that economic development entities in the State needed to be reorganized in a manner that reflected the importance of their missions, facilitates accountability, and encouraged ease of navigation (finding 1 of the interim report). Accordingly, *Chapter 141 of 2015* restructured the principal economic development entities by:

- creating a Secretary of Commerce in the Governor’s Office to be the new head of economic development and policy implementation efforts in the State;
- creating a Commerce Subcabinet, chaired by the Secretary of Commerce and composed of representatives of seven specified State agencies;
- reorganizing DBED from its current structure to be the Department of Economic Competitiveness and Commerce (DECC), which remains a principal department of State government and is managed by an executive director on the Commerce Secretary’s behalf;
- requiring the Secretary of Commerce to establish regional offices in the local jurisdictions to advise on whether the economic needs of each local jurisdiction are being addressed and coordinate with municipal and local economic development agencies;
- expanding the duties and altering the membership of MEDC to reflect the commission’s strengthened role in economic development policy in the State;
- transferring the Invest Maryland Program, the Maryland Venture Fund Authority, and the Enterprise Fund to TEDCO to further TEDCO’s expanded purpose of assisting early stage and start-up businesses in the State; and
- establishing the Maryland Public-private Partnership (P3) Marketing Corporation and the Economic Development Marketing Fund (finding 2 of the interim report).

Under *Chapter 141*, an Office of the Secretary of Commerce was established in the Governor’s Office. The Secretary of Commerce was to be appointed by the Governor with the advice and consent of the Senate. The Secretary is the head of economic development policy and implementation efforts in the State and is the head of and responsible for the operations of DECC. The Secretary also monitors the operations of TEDCO, MEDCO, and the P3 Marketing Corporation; however, this may not be construed to limit the independence or operations of these corporations. The Act required the reorganized DECC to:

- establish and monitor performance measures to determine the success of outreach efforts to businesses;
- facilitate regular meetings among its regional experts, financial incentive team, and tourism development team to determine the success in meeting overall economic development strategic goals and in addressing the economic development needs of each region; and
- work with community colleges to enhance their role in providing workforce training services, including industry-specific education and training in response to the needs of the State.

Commerce Subcabinet: The Secretary is responsible for the oversight, direction, and accountability of the work of the subcabinet. *Chapter 141* required the Office of the Secretary of Commerce to provide the primary staff for the subcabinet. The subcabinet must:

- advise the Governor on proposals to enhance the State's business climate;
- gather information the subcabinet considers necessary to promote its goals;
- collaborate to facilitate and expedite critical economic development projects in the State; and
- provide other assistance that may be required to further the goals of the State and enhance the State's business climate.

Maryland Economic Development Commission: *Chapter 141* expanded the purpose of MEDC to include (1) overseeing the *operations* of DECC and its units, rather than *solely* overseeing the department's efforts to support the creation, attraction, and retention of businesses and jobs and (2) monitoring the operations of TEDCO, MEDCO, and the P3 Marketing Corporation, including those entities' efforts to support the creation, attraction, and retention of businesses and jobs. The requirement that MEDC participate in marketing the State was removed. However, MEDC must (1) conduct periodic reviews of the economic development activities of DECC, TEDCO, MEDCO, and the P3 Marketing Corporation for compliance with the economic development strategic plan and (2) make recommendations to the Governor and the Secretary to improve economic development activities that fail to achieve economic development strategic goals or are inconsistent with priorities under the economic development strategic plan. Further, the department may not submit a budget request before MEDC reviews the request.

Maryland Public-private Partnership Marketing Corporation: *Chapter 141* specified that the purposes of the P3 Marketing Corporation are to (1) create a branding strategy for the State; (2) market the State's assets to out-of-state businesses; (3) recruit out-of-state businesses to locate and grow in the State; and (4) foster public-private partnerships that encourage location and development of new businesses in the State. In addition, the P3 Marketing Corporation must administer the Economic Development Marketing Fund, a special, nonlapsing fund. The fund may

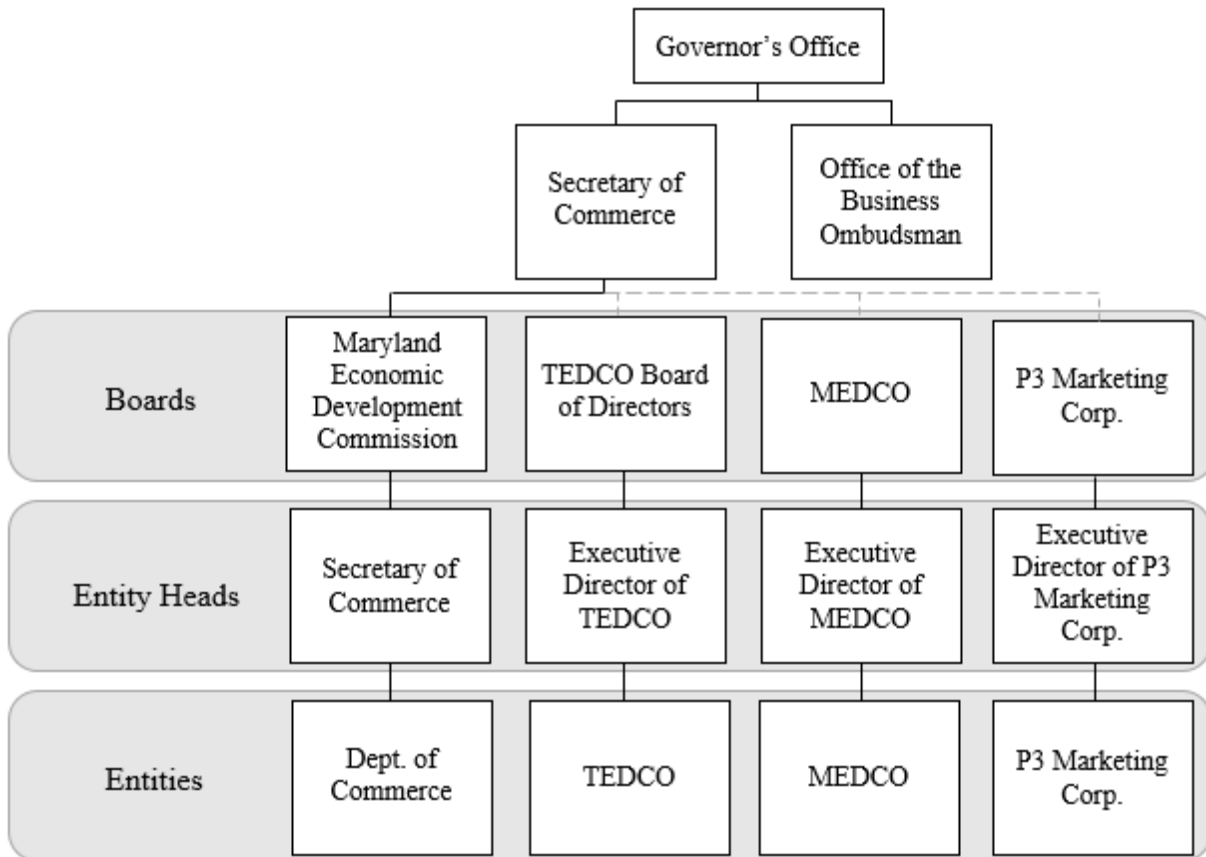
only be used to market the State as a location for businesses to locate, retain, or expand their operations. It consists of private, State, local, and federal funds; money derived from the sale of advertising, publications, sponsorships, or other promotional or marketing opportunities; and any other money made available to the corporation.

Finally, the Act declared that it was the intent of the General Assembly that (1) at least \$1,000,000 of the allowance of DBED’s Marketing Division be transferred by budget amendment to the P3 Marketing Corporation in fiscal 2016 for the purpose of advertising and out-of-state business recruitment and (2) the BioMaryland Center, the office within DBED that supports the growth of the life sciences industry in the State, be transferred to TEDCO on or before January 1, 2016.

DECC Renaming and Further Reorganization: Concurrent with the October 1, 2015 effective date of ***Chapter 141***, Executive Order 01.01.2015.22 changed the department’s name to the Department of Commerce. The department’s website, logo, email addresses, and other such items had already reflected this change. The Office of the Attorney General advised, however, that codification of the name change was the safest course of legal action. Accordingly, ***Chapter 338 of 2016*** renamed the Department of Economic Competitiveness and Commerce to be the Department of Commerce. The Act also repealed the Office of the Secretary of Commerce in the Governor’s Office and repealed the executive director position. The Secretary of Commerce remains the head of and responsible for the Department of Commerce.

Exhibit H-3 illustrates the organizational structure of the State’s economic development entities following the enactment of ***Chapter 141 of 2015*** and ***Chapter 338 of 2016***:

Exhibit H-3
State Economic Development Organization



MEDCO: Maryland Economic Development Corporation

TEDCO: Maryland Technology Development Corporation

P3 Marketing Corporation: Maryland Public-private Partnership Marketing Corporation

Note: The Secretary of Commerce monitors the operations of and coordinates policy for TEDCO, MEDCO, and the P3 Marketing Corporation. The Acts specified that this provision may not be construed to limit the independence of these corporations.

Advisory Council on the Impact of Regulations on Small Businesses

One of the Augustine Commission's recommendations was to authorize a member of the Joint Committee on Administrative, Executive, and Legislative Review (AELR Committee) to hold a hearing on a proposed regulation if the State's analysis of the proposed regulation notes a meaningful adverse impact on small businesses (finding 5 of the interim report). *Chapter 137 of 2015* established the Advisory Council on the Impact of Regulations on Small Businesses within the department to review proposed regulations and determine whether they have a significant small business impact. A "significant small business impact" is defined as a likely meaningful effect, as

determined by the council, on the revenues or profits of a significant number of small businesses or a significant percentage of small businesses within a single industry in the State; it does not include an impact from a regulation necessary to comply with federal law.

The council is staffed by the department and consists of specified Executive Branch agency heads or their designees, members of the General Assembly, small business owners, and minority business enterprise and women’s business enterprise owners. For each proposed regulation, the council must estimate the range of costs for small businesses and, if a significant impact is found, the council must (1) identify whether the regulation is necessary to comply with federal law and (2) submit a written statement to the AELR Committee and the Department of Legislative Services (DLS) within 15 days of receiving the proposed regulation. If a proposed regulation establishes a standard that is more restrictive or stringent than an applicable federal standard, the council must identify the net cost, alternatives, and potential benefits. The Act established additional requirements for promulgating units and DLS, including requiring DLS to review the findings of the council. After notification that a proposed regulation will have a significant small business impact, any member of the AELR Committee may request a hearing. The AELR Committee must hold a hearing if requested and may request that the promulgating unit delay adoption of the regulation.

Apprenticeship Maryland

The commission found that apprenticeships are seriously underutilized in the State (finding 8 of the interim report), which led to several specific recommendations, including to establish a pilot apprenticeship program, “Apprenticeship Maryland.” *Chapter 140 of 2015* established “Apprenticeship Maryland,” a two-year pilot program to prepare students to enter the workforce by providing onsite employment training and related classroom instruction needed to obtain a license or certification for a skilled occupation. The Act required specified entities to (1) develop criteria for the selection of two local systems to participate in the program and (2) develop criteria for and identify eligible employers. The Maryland State Department of Education (MSDE) must consider, to the extent practicable, providing for the selection of one urban school system and one rural school system to participate in the program.

Each county superintendent from a participating school system may select up to 60 students to participate in the program. A student selected to participate in the program:

- may start the program in the summer or fall of the student’s junior or senior year in high school;
- must complete at least 450 hours of supervised work-based training;
- must receive at least one year of classroom instruction relating to the student’s eligible career track in the manufacturing industry or the science, technology, engineering, and math industries;

- must receive credit toward a high school diploma or a postsecondary credential, or both, for the work-based training and classroom instruction completed under the program; and
- must complete the program before August 31 following the student's graduation from high school.

Eligible employers must pay an eligible student at least the State minimum wage, subject to any lawful exemptions. The Department of Labor, Licensing, and Regulation (DLLR) must issue a skills certificate to each student who completes the program. DLLR and MSDE jointly may adopt regulations to implement the program and must report annually to the Governor and the General Assembly regarding its effectiveness. In the 2017 Youth Apprenticeship Advisory Committee Annual Report, the committee, with the concurrence of DLLR and MSDE, recommended the continuation of the program in the pilot sites and the opportunity to expand the effort into other jurisdictions.

State Customer Service and Business Development Efforts Training Program

The commission concluded that the State is viewed as deficient in providing customer service and recommended several remedial measures, including continuous customer service and business development training for State agencies with frequent interaction with the business community and the public (finding 4 of the interim report). *Chapter 138 of 2015* created the State Customer Service and Business Development Efforts Training Program, overseen and administered by the Office of the Business Ombudsman in the Governor's Office, to increase the responsiveness of and improve customer service provided by State agencies. The Department of Commerce and specified State agencies must participate in the program and report annually on the progress of their customer service. The Office of the Business Ombudsman must annually evaluate the program and report and make recommendations to the Governor and the General Assembly.

Chapter 5 of 2018 (Executive Order 01.01.2018.04) repealed the Office of the Business Ombudsman within the Governor's Office and transferred the office's responsibilities to the Office of Small Business Regulatory Assistance in DLLR.

Establishment of New Business Development Programs

More Jobs for Marylanders Act of 2017

Chapter 149 of 2017 established the More Jobs for Marylanders Program administered by the Department of Commerce. A new manufacturing business that locates and creates jobs within a Tier I county, defined in the Act as a qualified distressed county or a county designated by the department (up to three), may be entitled to a 10-year (1) income tax credit for up to 5.75% of the total wages paid to qualified employees; (2) sales tax refund; (3) State property tax credit equal to 100.0% of the tax imposed on the facility's real property; and (4) exemption from paying corporate filing fees. An existing manufacturing business that creates jobs may qualify for a 10-year income tax credit.

A manufacturing business may apply for the More Jobs for Marylanders Program if the business intends to create at least 5 qualified positions in a Tier I county or at least 10 qualified positions in a Tier II county, which are defined in the Act as the counties that are not designated as Tier I counties. Additionally, new and existing manufacturing businesses must offer an ongoing job skills enhancement training program or a postsecondary education program that is approved by the department.

The Act altered the criteria for a qualified distressed county to include a county with an average rate of unemployment for the most recent 24-month period for which data is available that exceeds the average rate of unemployment for the State during that period by at least 2 percentage points. Allegany, Dorchester, Somerset, and Worcester counties are currently designated as qualified distressed counties, and Baltimore City also qualifies because it has met the qualifications at some time during the preceding 24-month period.

The Act capped at \$9 million the total amount of income tax credits awarded in a fiscal year, capped at \$1 million the total amount of sales tax refunds that may be issued in a fiscal year, and closed program enrollment after June 1, 2020. The Act also allowed any manufacturer located in the State to claim (1) increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and (2) any bonus depreciation amounts provided under Section 168(k) of IRC.

Additionally, the Act (1) established an income tax credit for businesses that employ an eligible apprentice; (2) established Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college; (3) required specified vocational goals to be established for high school students; and (4) required State agencies to partner to create registered apprenticeship programs and to analyze and report specified information on registered apprenticeship programs. The Act required the Governor to appropriate at least \$1 million each annually for the Partnership for Workforce Quality Program and the Workforce Development Sequence Scholarships.

For a more detailed discussion of the tax credit provisions of this Act, see the subpart “Income Tax” within Part B – Taxes of this *Major Issues Review*. For a more detailed discussion of the apprenticeship program provisions of this Act, see the subpart “Labor and Industry” within this part of this *Major Issues Review*. For a more detailed discussion of the Workforce Development Sequence Scholarship provisions of this Act, see the subpart “Higher Education” within Part L – Education of this *Major Issues Review*.

Promoting extraordinary Innovation in Maryland’s Economy (PRIME Act)

In September 2017, Amazon.com announced that it planned to establish a second corporate headquarters within a metropolitan area in North America. In its announcement, the company stated that it was conducting a competitive site selection process. In January 2018, Amazon announced a list of 20 finalists that included Montgomery County, Northern Virginia, and the District of Columbia. In January 2018, the Governor announced an incentive package to

encourage the company to build its second headquarters in Montgomery County. Pursuant to this effort, the Administration announced it would introduce legislation to establish tax incentives.

Chapter 350 of 2018 established tax incentives for a Fortune 100 company that establishes an eligible project in the State. In order to qualify, a company must submit to the department a project plan that commits to carrying out, over a 17-year period, the hiring of 40,000 qualified positions and \$4.5 billion in specified project expenditures. A qualifying business may claim (1) an income tax credit based on the number of jobs created at an eligible project; (2) a tax credit against the State and local property tax imposed on project real property; and (3) a sales and use tax exemption for specified purchases. In addition, the Act allowed a business to receive the property tax credit proposed by the Act and a tax credit under the Businesses That Create New Jobs Tax Credit Program. The Act terminates if the department fails to certify a business as a qualifying business before January 1, 2022.

For a more detailed discussion on this issue, see the subpart “Income Tax” within Part B – Taxes of this *Major Issues Review*.

Aerospace, Electronics, or Defense Project Tax Credit

The Governor’s proposed fiscal 2017 budget included a fiscal 2016 general fund deficiency appropriation of \$20.0 million under the Economic Development Opportunities Program Fund, or Sunny Day Fund. The described use of the deficiency appropriation was to “invest in aerospace and defense research” in the State and was intended to provide a retention incentive for Northrop Grumman’s mission systems facility in Linthicum. *Chapter 320 of 2016* created a tax credit program that allows a tax credit against the State income tax for a business that is certified by the department as operating a qualifying aerospace, electronics, or defense contract (AEDC) tax credit project. A qualified business entity may receive up to three designations for AEDC tax credit projects in a fiscal year. The Department of Commerce may award up to a total aggregate of \$7.5 million in tax credits in each taxable year to businesses that are certified as meeting the requirements of the tax credit program.

The department may certify an AEDC tax credit project if the business entity that operates the project creates or retains at least 10,000 qualified positions and expends at least \$25.0 million in qualifying expenditures during a credit year. A qualified business entity may claim the credit in an amount equal to \$250 multiplied by the number of qualified employees employed during the credit year, subject to a maximum value of \$2.5 million. The business may claim a refund if the amount of the credit exceeds its tax liability in the taxable year. The Comptroller must recapture the credit if the business does not maintain a minimum number of specified jobs over certain time periods. The Act is effective through the end of fiscal 2021.

Maryland Nonprofit Development Center Program and Fund – Bridge Loans

The Maryland Not-For-Profit Development Center Program is charged with assisting the economic growth and revitalization of nonprofit entities in the State by providing grants for training and technical assistance services. *Chapter 629 of 2017* renamed the Maryland Not-For-Profit Development Center as the Maryland Nonprofit Development Center and,

beginning in fiscal 2021, required up to 5% of video lottery terminal (VLT) proceeds from the Small, Minority, and Women-Owned Businesses Account (SMWOBA), not to exceed \$1 million annually, to be distributed to the Nonprofit Interest-Free, Micro Bridge Loan (NIMBL) account within the Maryland Nonprofit Development Center Program Fund for bridge loans to nonprofit entities. If a nonprofit entity provides written confirmation that the entity has been awarded a government grant or contract but has not yet received the funding, the department may provide a no-interest bridge loan to the nonprofit entity for operating expenses of up to \$25,000. The department is required to establish a repayment schedule for a bridge loan that is reasonable based on the nature and payment schedule of the government grant or contract to the nonprofit entity and that assures repayment is completed no later than the date of the final grant or contract payment to the nonprofit entity.

Although the source of funding from VLT proceeds is delayed until fiscal 2021, the Act authorized the Governor to transfer to the NIMBL account \$187,500 of the fiscal 2017 appropriation that was transferred to SMWOBA in accordance with *Chapter 23 of 2017*, the Budget Reconciliation and Financing Act of 2017. The department is required to report to the Governor and the General Assembly by December 31, 2020, on the bridge loans issued under the program.

Maryland Stadium Authority – Maryland Sports and Affiliated Foundations

The Office of Sports Marketing in the Maryland Stadium Authority (MSA) was created in 2007 with the goal of attracting and hosting national and international sporting events. In 2015, the Office of Sports Marketing was rebranded as Maryland Sports. *Chapter 575 of 2017* codified Maryland Sports as an office in MSA and required the office to implement a program to bring regional, national, and international sporting events at all levels of competition to the State for the purposes of utilizing sports facilities in the State, enhancing the economic development of the State, and promoting the State as a destination for amateur and professional sporting events.

Additionally, the Act authorized MSA to establish one or more affiliated foundations to work with Maryland Sports for various purposes, and Maryland Sports is encouraged to promote private fundraising by maintaining relationships with each affiliated foundation. MSA must develop policies for the operation of each affiliated foundation it establishes, subject to review and, if appropriate, approval by the Attorney General. After providing the budget committees of the General Assembly an opportunity for review and comment, MSA may grant up to \$500,000 of its available nonbudgeted money each fiscal year to affiliated foundations. An independent certified public accountant hired and paid by MSA must audit each affiliated foundation each year.

MSA may authorize an MSA official or employee to serve as a director or official of an affiliated foundation under certain circumstances; however, MSA must notify the State Ethics Commission in writing whenever MSA permits a joint service of an MSA official or employee. If the commission objects or expresses concerns regarding the joint service of an MSA official or employee, the commission must notify MSA within 30 days of receiving MSA's notice, and MSA must then reexamine the matter. Additionally, the commission is required to review and, if

appropriate, approve the policies established by MSA that pertain to conflicts of interest relating to joint service.

Make Office Vacancies Extinct

To encourage the location of new businesses in the State and reduce office space vacancies in counties that provide comparable office space support to the businesses, *Chapter 846 of 2017* established the Make Office Vacancies Extinct (MOVE) program in the department. The program provides matching grants to eligible businesses for office space support in conjunction with grants provided by comparable county programs. The MOVE Matching Fund was established as a special fund to provide the matching grants and pay for the administrative costs of the program. Subject to the availability of money in the fund, the program may provide the same amount of funding to an eligible business, on a first-come, first-served basis, as the county program provides to the eligible business. The Secretary of Commerce must review and evaluate the program at least once every three years.

To qualify for participation in the program, a new business must (1) be located in a county that has a comparable support program to reduce office space vacancies in the county; (2) be a home-based, start-up enterprise occupying its first commercial space in the county, or a business relocating from outside the State or significantly expanding its operations in the county; (3) execute a direct lease with the landlord for at least three years of up to 10,000 square feet or obtain an occupancy permit if sharing office space with another business; and (4) apply for support from the program within 90 days after signing the lease or obtaining the occupancy permit. In addition, the program may exclude a business that is relocating from one county to another county within the State. A grant recipient that fails to fulfill the eligibility and maintenance requirements of the program or of the county program that supports the recipient may be required to return all or part of the grant to the program.

Pilot Program for Small Business Development by Ex-offenders

Chapter 315 of 2015 required DLLR, in consultation with the Department of Public Safety and Correctional Services and the Maryland Small Business Development Financing Authority (MSBDF), to establish a pilot program for small business development by ex-offenders, subject to the availability of funds. The program is to assist individuals exiting the correctional system by providing training on establishing and funding a small business. DLLR may coordinate with other entities that offer to provide resources for the program, including funding, training, and mentoring services. Individuals selected to participate in the program must have recently exited the correctional system and have an interest or skill set that indicates a likelihood of success in implementing a business plan. DLLR must (1) assist program participants in obtaining financing through MSBDF and (2) provide each participant with a mentor who will guide the participant over a three-year period following the implementation of the participant's business plan. DLLR must report on the program's effectiveness to the General Assembly on or before December 31, 2020.

Modifications to Existing Business Development Programs

Tax Credits

Cybersecurity Incentive Tax Credit: *Chapter 578 of 2018* extended through fiscal 2023 the termination date of the cybersecurity investment incentive tax credit. The Act (1) altered the program by specifying that the investor who makes the qualifying investment in a Maryland cybersecurity company claims the tax credit instead of the cybersecurity company and (2) altered specified eligibility requirements.

For a more detailed discussion on this issue, see the subpart “Income Tax” within Part B – Taxes of this *Major Issues Review*.

Job Creation Tax Credit: The Job Creation Tax Credit Program provides a tax credit to certain businesses that are primarily engaged in qualifying business activities and expand or establish a facility in Maryland that results in the creation of new jobs. The new jobs must be full-time, permanent, filled, located in Maryland, and pay at least 150% of the federal minimum wage. The department certifies the number of qualifying jobs created by the business, and there is no limit on the amount of credits that may be awarded each year. A business must claim the value of the tax credit over two tax years. *Chapter 489 of 2017* altered the program by (1) increasing the value of the tax credit; (2) allowing a business to claim the full value of the credit in one tax year; (3) limiting to \$4 million the annual amount of credits the department may award; (4) lowering the minimum number of qualifying jobs that must be created in order to claim the credit in certain counties; (5) requiring that each qualifying job pay at least 120% of the State minimum wage; and (6) altering certain tax credit verification and reporting requirements.

Small Business Development Programs

Surety Bond Program: The Surety Bond Program assists eligible small businesses in obtaining bid, performance, or payment bonds necessary to perform on contracts where the majority of funds are provided by a government agency, public utility company, or private entity. The program is funded through the Surety Bond Fund, a special, nonlapsing fund. *Chapter 106 of 2015* increased the maximum amount for which MSBDFFA may guarantee a surety from \$1.35 million to \$2.25 million under the program. The maximum amount for which the authority may issue a bid bond, performance bond, or payment bond as a surety was also increased from \$1.0 million to \$2.5 million per bond.

Military Personnel and Veteran-Owned Small Business No-Interest Loan Program: The Military Personnel and Veteran-Owned Small Business No-Interest Loan Program was established in 2006 to assist military reservists and National Guard members called to active duty, service-disabled veterans, and businesses that employ or are owned by such persons. Chapter 105 of 2013 expanded eligibility for participation in the program to include all veteran-owned small businesses. The program receives an annual general fund appropriation. *Chapter 390 of 2015* established a special, nonlapsing fund to provide no-interest loans under the existing program. The

Department of Commerce may use money in the fund to provide loans to eligible applicants, subject to specified requirements.

Small, Minority, and Women-Owned Businesses Account: Generally, 1.5% of VLT proceeds at each video lottery facility must be distributed to SMWOBA. Expenditures from SMWOBA may be made only on a properly approved transmittal prepared by the Board of Public Works (BPW). BPW must make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State. BPW also must ensure that fund managers allocate at least 50% of available funds to eligible businesses in the jurisdictions and communities surrounding the State's video lottery facilities. Under a 2012 memorandum of understanding, the department serves as BPW's agent for administering the program while BPW retains overall authority for the account and the program. To create administrative efficiencies, *Chapter 453 of 2017* transferred the authority for administering SMWOBA from BPW to the department.

Higher Education Programs

Maryland E-Nnovation Initiative Program: Chapters 532 and 533 of 2014 established the Maryland E-Nnovation Initiative Program, the Maryland E-Nnovation Initiative Fund Authority, and the Maryland E-Nnovation Initiative Fund in the department. Under the program, nonprofit institutions of higher education in the State that have research endowment plans approved by the authority and have secured qualified matching private donations may seek distributions from the fund to certain research endowments. Within 90 days after approval by the authority of a request for matching funds, an institution must deposit into its endowment an amount of qualified donations equal to or greater than the total amount of funds allocated for distribution to the institution.

Chapter 258 of 2017 authorized an institution that anticipates that it will not receive the entire amount of a qualified donation before the end of the fiscal year in which its research endowment plan is approved to deposit specified other available funds for purposes of satisfying the 90-day deposit requirement. To use other available funding, the institution must have disclosed in the approved research endowment plan its intent to rely on the other funds, the source of the funds, and other requested information. The funds used in lieu of qualified donations may not include (1) educational or general fees, auxiliary fees, or other student fees generated by the institution; (2) proceeds from promissory notes, bonds, loans, or other instruments evidencing an indebtedness or any other obligation of repayment by the governing body of the institution; or (3) any other funds received from the State or federal government.

Maryland Innovation Initiative: TEDCO was created as an independent entity to facilitate the creation of technology companies in Maryland and encourage collaboration between these emerging businesses and federal and State research laboratories. The Maryland Innovation Initiative (MII) was created to combine the technology transfer expertise of TEDCO and the research expertise of the State's research universities to speed commercialization opportunities. MII may use funds to (1) provide grant funding to a qualifying university-based entrepreneur or other start-up entity to promote the commercialization of technology developed in whole, or in

part, by a qualifying university; (2) pursue grant funding for MII or its qualifying universities; (3) develop and implement guidelines for technology transfer; and (4) identify projects at qualifying universities that may be viable for commercialization. **Chapter 462 of 2016** allowed MII to provide equity investment financing – instead of solely grant funding – to qualifying entities to promote the commercialization of technology developed in whole, or in part, by a qualifying university.

Regional and Local Economic Development

Baltimore City Convention Center

In 1996, MSA and Baltimore City entered an agreement under which MSA must contribute two-thirds of the annual operating deficit of the Baltimore Convention Center (BCC) and contribute one-half of BCC's annual capital improvement reserve fund payment. Chapter 283 of 2013 extended the arrangement from December 31, 2014, to December 31, 2019, when MSA's outstanding bonds for the project are retired. **Chapter 851 of 2018** extended by 10 years, to December 31, 2029, the period during which MSA must contribute two-thirds to the annual operating deficit. During this period, Baltimore City must continue to contribute one-third to the BCC annual operating deficit. The Act also extended the date until which MSA and Baltimore City are each obligated to contribute \$200,000 annually to the capital improvement reserve fund. Consistent with the extension of MSA's obligations, the Act extended the date after which Baltimore City is solely responsible for all operating deficits and capital improvements of BCC.

State Center

State Center refers to the 28-acre property in Baltimore City that is owned by the State and includes several State office buildings and the Fifth Regiment Armory. A public-private partnership agreement between the State and State Center LLC, with an estimated total cost of \$1.5 billion, was approved by BPW in 2010. A legal challenge to the agreement was initiated by local merchants and office building owners shortly after it was approved by BPW in 2010. The case lasted for four years, during which no construction occurred, until the Court of Appeals rejected the challenge. Shortly thereafter, the new administration of Governor Lawrence J. Hogan, Jr., began negotiations with State Center LLC for adjustments to the terms of the agreement. Those negotiations entered mediation, but no agreement was reached.

In December 2016, BPW voted unanimously to void the office leases and filed suit against State Center LLC to cancel the project. State Center LLC filed a countersuit seeking compensation for its role in the project. Pending the outcome of the competing lawsuits, State Center LLC retains exclusive rights to develop the property for the foreseeable future. If a resolution is reached in a shorter period, and a new public notice of solicitation is issued by the State, **Chapters 839 and 840 of 2018** specified that the State or its reporting agency may not enter into a new or modified contract or plan for development of State Center unless the contract meets specified conditions. Specifically, any new contract or plan for the development of State Center must include provisions that require:

- an enforceable community benefits agreement between the developer and the State Center Neighborhood Alliance, Inc., to provide for a concerted and coordinated effort by the developer and the community throughout the entire planning, development, and construction phases of the project;
- a comprehensive local hiring plan for the project that includes goals for short-term construction jobs, long-term employment opportunities, and job training; and
- an economic improvement plan for the project that includes goals for the use of minority- and women-owned and locally owned businesses.

Any new or modified contract or plan for State Center must also include, to the extent possible, other specified components. The Act also required a developer who is a party to a new contract or plan for the development of State Center to use best practical efforts to begin construction within 18 months after execution of the new contract and any associated plans.

The State, or its reporting agency, must include the State Center Neighborhood Alliance, Inc., and any other interested community association in the selection for a new development contract and the development of any plans for State Center or the modification of existing plans. The Act may be construed to apply to a modification made to an existing contract.

Miscellaneous

Unmanned Aircraft Systems Research, Development, Regulation, and Privacy Act

No statewide law existed governing exclusively the operation of unmanned aircraft systems. An unmanned aircraft system (UAS) means an unmanned aircraft and all the associated support equipment. *Chapter 164 of 2015* established that only the State may enact a law or take any other action to prohibit, restrict, or regulate the testing or operation of UAS in the State. Further, the Act preempted the authority of a county or municipality to prohibit, restrict, or regulate the testing or operation of UAS. The Act also superseded any existing law or ordinance of a county or municipality that does so, but it does not affect federal preemption of State law. The Act established the following three reporting requirements:

- the department, in consultation with other specified entities, must report to the General Assembly by December 31, 2015, on specified benefits, policies, and guidelines related to UASs;
- the department and the Maryland Department of Transportation must report to the Governor and the General Assembly on similar specified findings and recommendations on any proposed federal regulations or rulemakings related to the regulation of the operation of small commercial unmanned aircraft; and
- the Department of State Police, the Maryland Aviation Administration, local law enforcement officials, and other appropriate local government officials must report to the

Governor and the General Assembly by December 31, 2018, on findings and recommendations regarding possible changes to State law or local regulatory authority needed to support governance or enforcement efforts of UAS.

The department submitted the Unmanned Aircraft Systems Research, Development, Regulation and Privacy Act Report to the Presiding Officers of the General Assembly in February 2016.

Morgan State University Office of Technology Transfer

The Office of Technology Transfer (OTT) at Morgan State University (MSU) assists faculty and staff members, administrators, and students with intellectual property issues resulting from their research discoveries and other scholarly and creative activities. *Chapter 713 of 2016* required the Board of Regents of MSU to develop and implement a plan to enhance OTT at MSU. At the request of the board, TEDCO must provide technical assistance to OTT. In fiscal 2018 through 2020, the Governor must include in the annual budget bill an appropriation of \$1 million to MSU to (1) enhance OTT and (2) increase the capacity of OTT to move technology into the marketplace. The board must report each year on its implementation of the plan to enhance OTT at MSU and the capacity of OTT to move technology into the marketplace.

Energy Innovation: Maryland Energy Innovation Institute

Chapters 364 and 365 of 2017 established the Maryland Energy Innovation Institute in the A. James Clark School of Engineering at the University of Maryland, College Park Campus. The purposes of the institute are to (1) collaborate with academic institutions (public and private, nonprofit four-year institutions) in the State to participate in clean energy programs and (2) develop and attract private investment in clean energy innovation and commercialization in the State. A board was established to advise the university on the management of the institute. The director of the University of Maryland Energy Research Center is the director of the institute. The institute's enumerated powers include, among other things, to:

- coordinate and promote energy research and education, as specified;
- provide energy policy innovation advice to State and federal units and work closely with State and federal agencies, among others, to ensure effective implementation and execution of the State's energy mission and vision;
- collaborate with specified entities and pursue grants, other funds, and in-kind contributions for clean energy research and innovation;
- provide seed grant funding to academic institution-based entrepreneurs or entities in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution, but not duplicate existing seed grants made through the Maryland Technology Development Corporation;

- work with the Maryland Technology Enterprise Institute and the University of Maryland Office of Technology Commercialization to (1) identify energy technologies at academic institutions that may be viable for commercialization and (2) provide grant funding and investment financing to cover patent, facilities, and other costs, as specified, in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution;
- work with the Maryland Technology Enterprise Institute to jointly manage, operate, and maintain facilities for a clean energy incubator; and
- coordinate incubation and potential financing of academic institution-based entrepreneurs or entities with resources provided by the Maryland Clean Energy Center (MCEC).

In addition to reporting annually on its operations and activities, the institute must study and evaluate aspects of funding for clean energy technology in the State and submit a report of its findings and recommendations to the Governor, the Maryland Energy Administration (MEA), and the General Assembly by December 1, 2019.

The Maryland Energy Innovation Fund was established as a new special fund in the University System of Maryland (USM), managed and supervised by the institute. The energy innovation fund consists of money appropriated by the State and other specified sources, including (1) repayment of principal and payment of interest of a loan made from the fund (2) recovery of an investment made by MCEC in a business enterprise from the fund; and (3) repayment of a conditional grant made by MCEC from the fund. For fiscal 2018 through 2022, \$1.5 million annually must be transferred from the Strategic Energy Investment Fund to the energy innovation fund. This fund is used by the institute and MCEC for their administrative and operating costs, and MCEC may also use the fund to provide specified financial assistance, including grants, loans, equity investment financing, and guarantees. The Act specified that money expended from the energy innovation fund is supplemental to funding that otherwise would be appropriated for MCEC, the institute, or any part of USM.

Additionally, the Act required MCEC to work collaboratively with MEA, alter the role of MCEC as a clearinghouse of energy information and materials, require the MCEC governing board to establish a financing investment advisory committee, repeal provisions relating to an inactive technology incubator program, and provide for greater coordination between MCEC and other State economic development units. Previous loans made by MEA to MCEC are converted into grants, and MCEC must establish a work plan to become self-sustaining within five years.

Housing and Community Development

During the 2015-2018 term, the General Assembly created and modified several programs in the Department of Housing and Community Development (DHCD) that encouraged growth in the housing market and community development, and provided aid to the homeless and those facing housing crises. The process by which the Maryland Department of Planning kept track of

heritage area sites was reformed as was the process by which local governments could create land banks. The term saw legislation concerning carbon monoxide alarms and energy code standards. Further changes were made to local housing authorities and, following the 2015 civil unrest, to community revitalization in Baltimore City.

Department of Housing and Community Development

Community Development

DHCD, through the Division of Neighborhood Revitalization, administers commercial and mixed-use revitalization programs to encourage physical and organizational improvements to business areas and nearby vicinities around the State.

Business Lending and Neighborhood Revitalization: Chapter 482 of 2016 made specified changes to various programs within DHCD so as to enhance financial assistance to businesses. Generally, the Act (1) authorized the Community Development Administration (CDA) and the Maryland Housing Fund to support business projects; (2) expanded the geographic area in which the Neighborhood Business Development Program operates; (3) expanded the types of financial assistance that can be provided under specified programs; and (4) made changes to streamline the efficiency of specified programs by removing dollar-specific loan limits and requirements for significant outside funding and instituting a notice and review policy for projects in local jurisdictions.

Local Government Infrastructure Projects: Under the Local Government Infrastructure Financing Program, CDA issues tax-exempt bonds, on behalf of counties, municipalities, or their instrumentalities, as a way of generating capital and loans the bond proceeds to local governments. Local governments are responsible for repaying the debt incurred through the bond financing and for paying their pro rata share of the costs of issuance of the pooled bonds. ***Chapter 18 of 2016*** added a method for a local infrastructure loan to be secured by authorizing a county to pledge, on behalf of a municipal corporation located in the county, the faith and credit of the county, or specific revenue of the county, through an ordinance or resolution of the county. For more on the Local Government Infrastructure Financing Program, see the subpart “Local Government” within Part D of this *Major Issues Review*.

National Capital Strategic Economic Development Fund: Chapter 523 of 2017 established the National Capital Strategic Economic Development Fund within DHCD to provide grants to government agencies and nonprofit community development organizations to assist in predevelopment activities for commercial and residential development (including site acquisition, land assembly, architecture and engineering, and site development) for revitalization in areas designated as sustainable communities. The Act did not mandate State funding but required that a grant recipient provide evidence of a matching fund that is equal to \$1 for every \$4 in State funding and required that if State funds were appropriated they would be allocated 85% for projects located in the State between Interstate Highway 495 and the District of Columbia and 15% for projects throughout the State.

Food Deserts: Chapter 636 of 2017 expanded the authority of the Business Development Program under DHCD's Neighborhood Business Development Program to provide small loans (of up to \$50,000 per loan) to an approved entity for assistance in providing better access to healthy food in food deserts, including by providing loans for refrigerators, freezers, and other equipment.

Community Development Program: Chapters 801 and 802 of 2018 established a Community Development Program within DHCD to provide financial assistance for community development projects and community development organizations around the State. The Acts required DHCD to adopt regulations to carry out the programs, established a Community Development Fund to support the program, and established a Community Development Board to make recommendations on the fund's use.

Homeless and Housing Crisis Programs

DHCD historically did not provide direct housing placement or emergency support services specifically to homeless individuals; instead, it coordinated with and awarded grant funding to local administering agencies and service providers to support various programs. In recent years, however, the department's role has greatly expanded, including overseeing various efforts to reduce homelessness in the State.

Shelter and Transitional Housing Facilities Grant Program: The Shelter and Transitional Housing Facilities Grant Program within DHCD provides grants to local governments and nonprofit organizations in order to develop emergency shelters and transitional housing for homeless individuals and families. **Chapters 698 and 699 of 2016** required the Governor to include at least \$3.0 million in the annual budget bill for the program starting in fiscal 2018 and each year thereafter.

Homeless Services and Supportive Services: Chapter 105 of 2017 transferred the Bureau of Homeless Services, formerly within the Department of Human Resources (since renamed the Department of Human Services), to DHCD. The Act also transferred to DHCD responsibility related to the Interagency Council on Homelessness and the Homeless Women – Crisis Shelter Home Program.

Housing Navigator and Aftercare Program: Chapters 637 and 638 of 2017 codified the Housing Counselor and Aftercare Program, which had been in the Department of Human Resources, as the Housing Navigator and Aftercare Program within DHCD. The stated purpose of the program was to assist families and individuals who are experiencing, or who are in imminent danger of, a housing crisis in obtaining and maintaining permanent housing.

Feminine Hygiene Products: Chapter 642 of 2017 required DHCD to make available to local administering agencies and service providers, who contract with the department or with local administering agencies to provide shelter services for homeless individuals, a free supply of feminine hygiene products sufficient to meet the needs of female residents in the shelters. Additionally, the Act required each local board of education, through school nurses, to make available to female students who are determined to be homeless a free supply of feminine hygiene products.

Crisis Shelter Home Program for the Homeless: The Homeless Women – Crisis Shelter Home Program within DHCD originally provided crisis shelter homes, meals, and counseling for women. A shelter home was required to (1) provide clients with temporary residence of up to 12 continuous weeks and necessary counseling to link clients to appropriate community services; (2) accept, from the police and other referral sources in the community, clients for temporary shelter; and (3) conform to applicable State and local fire codes, health codes, and zoning ordinances. ***Chapter 105 of 2018*** renamed the program to be the Crisis Shelter Home Program for the Homeless, expanded its accessibility to individuals and families instead of only women, and repealed the requirement that a temporary residence be limited to 12 continuous weeks or less.

Ending Youth Homelessness Grant Program: ***Chapter 748 of 2018*** established the Ending Youth Homelessness Grant Program within DHCD to (1) prevent and end youth homelessness in the State and (2) address related disparities based on race, ethnicity, sexual orientation, and gender identity. Eligible recipients of grant funding were limited to (1) street and community-based outreach and drop-in programs; (2) emergency shelter programs; and (3) housing programs that are either time limited or nontime limited. The Act also established an Ending Youth Homelessness Grant Fund.

Homeownership Programs

CDA offers several different financial assistance programs to families of limited income or to sponsors of community development projects so as to encourage homeownership.

Residential Mortgage Loan Refinancing: ***Chapter 75 of 2015*** expanded the financial assistance authority of CDA by authorizing the administration to make, participate in making, and undertake a commitment for the refinancing of a residential mortgage loan of a homeowner if the loan was made by DHCD or CDA. The Act also authorized CDA to purchase a note or mortgage that evidences a residential mortgage loan (1) to a homeowner for the purchase or rehabilitation of the homeowner’s primary residence if the primary residence is located in a sustainable community or (2) for the refinancing of a residential mortgage loan made by DHCD or CDA.

Student and Residential Mortgage Loans: The Maryland Mortgage Program, administered by CDA, provides below-market, fixed-rate mortgages through private lending institutions to low- and moderate-income households. The program is financed through the sale of mortgage revenue bonds, targeted to first-time homebuyers, and includes eligibility limits on both household income and the cost of the home. ***Chapter 146 of 2016*** authorized CDA to provide financial assistance under the program to a homeowner for (1) purchasing a primary residence and making payments on the homeowner’s student loan debt or (2) making payments on the homeowner’s student loan debt in conjunction with the homeowner obtaining separate financial assistance from a source other than the administration for purchasing the homeowner’s primary residence. The Act also authorized to student loan borrowers the offer of State-owned residential real estate at market value, with financing provided through the program.

Homebuyer Education Requirements: The Down Payment and Settlement Expense Loan Program within DHCD provides financing for down payment and settlement expenses to enable eligible homebuyers to purchase homes. Recipients of a program loan were required to complete

homebuyer education that met the requirements of DHCD. However, if the political subdivision in which a loan recipient would use the loan administered its own down payment or settlement expense loan program that required homebuyer education, then the loan recipient was required to complete the more stringent homebuyer education requirement. *Chapter 104 of 2018* altered the homebuyer education requirement to require that a participant in the program need only complete the DHCD requirements.

Maryland Department of Planning

Chapter 512 of 2017 modernized the procedures used by the Maryland Heritage Areas Authority when amending or revising boundaries of a recognized heritage area. Specifically, the Act required the authority to publish, in the Maryland Register, a Uniform Resource Locator to a geographical information system file that is posted on a State website, rather than publishing in the register a revised drawing or boundary description. The Act also revised the former requirement that the office of the county clerk, where a recognized heritage area is located, to keep boundary maps for each recognized heritage area on file and required, instead, that the authority send a copy of each boundary map to the office of the county clerk where the recognized heritage area is located.

Life Safety and Building Performance Standards

The General Assembly passed several bills concerning carbon monoxide alarms and energy code standards. For more information on the chapters in this section and other related legislation, see the subpart “Public Safety” within Part E of this *Major Issues Review*.

Carbon Monoxide Alarms

Chapter 151 of 2015 required a hotel, lodging, or rooming house to install a carbon monoxide alarm in specified rooms and areas of the dwelling by April 1, 2017. Alternatively, if there was a centralized alarm system that is capable of emitting a distinct and audible sound to warn all occupants, the Act authorized the owner of a hotel, lodging, or rooming house to install a carbon monoxide alarm within 25 feet of any carbon monoxide-producing fixture and equipment.

Chapters 174 and 175 of 2016 required, on or after April 1, 2018, to have the same type of carbon monoxide alarm required in a hotel, lodging, or rooming house to be installed in a rental dwelling unit outside and in the immediate vicinity of each separate sleeping area and on every level of the unit, including the basement.

Energy Codes

Before the enactment of *Chapter 239 of 2015*, DHCD incorporated by reference the International Building Code (IBC), including the International Energy Conservation Code (IECC), with modifications, as Maryland Building Performance Standards (MBPS). The standards applied to all buildings and structures in the State for which a building permit application was received by a local government. *Chapter 239* expanded the flexibility of these standards by requiring DHCD to adopt modifications to MBPS that allowed any innovative approach, design, equipment, or

method of construction that can be demonstrated to offer performance that is at least the equivalent to specified requirements of IECC, IBC, and the International Residential Code.

Land Banks

Chapters 618 and 619 of 2017 recodified and expanded enabling power to establish a land bank authority, power granted originally only to individual municipalities, to apply to one or more local governments, defined under the Acts as a municipality or county. The chapters authorized two or more local governments to enter into an intergovernmental cooperation agreement to create a single land bank to act on behalf of the local governments, which could include one or more water and sewer authorities. For more information on *Chapters 618 and 619*, see the subpart “Local Government – Generally” within Part D of this *Major Issues Review*.

Local Housing Authorities

Baltimore City

Chapter 258 of 2015 expanded the definition of a Housing Authority of Baltimore City (HABC) entity to include an entity that HABC controls or in which HABC has an ownership interest, either directly or indirectly through one or more wholly or partially owned subsidiary entities. These entities were also extended a specified real property tax exemption, provided that they would enter into payment-in-lieu of taxes agreements with the city.

Montgomery County

Chapter 126 of 2018 extended the real property tax exemption created by *Chapter 258* for HABC entities to Montgomery County Housing Authority entities – entities controlled or wholly owned by the Housing Opportunities Commission of Montgomery County (HOC) – if the entities entered into payment-in-lieu of taxes agreements with the county.

Before the enactment of *Chapter 127 of 2018*, HOC and a certified employee organization were required to meet by September 1 each year and engage in collective bargaining about specified issues, including salaries and wages, for the following fiscal year. A mediator could be used under specified circumstances, and if the parties did not reach an agreement by December 1 on an agreement that would become effective the following fiscal year (*i.e.*, July 1), then the parties were required to jointly appoint a mediator-arbitrator. The Act made various changes to the binding arbitration process between HOC and its employees, including (1) requiring an employee organization certified as exclusive representative to disclose to represented employees all HOC’s offers regarding wages; (2) establishing a three-member mediator-arbitrator panel; (3) adding wages to the report determining the more reasonable final offer; and (4) requiring the Executive Director of HOC to submit to HOC any term or condition of the final offer regarding wages under certain circumstances.

Prince George's County

Chapter 776 of 2018 established the Affordable Housing Commission for Prince George's County to (1) review the procedures and practices used in the county administration of housing and community development policies; (2) use existing studies, reports, and census data to examine the state of affordable housing in the county, as specified; and (3) examine industry trends in the location, production, and rehabilitation of single-family and multifamily housing.

Baltimore City Revitalization Initiatives

The civil unrest that occurred in Baltimore City in April 2015 brought the issues of concentrated poverty and blighted conditions in Baltimore to the forefront of the ongoing discussion of how to effectively revitalize Baltimore City's low-income neighborhoods and improve the quality of life of its low-income residents. To that end, a package of legislation was introduced in the General Assembly in the 2016 session for community development projects, vacant building demolition, expansion of community services, and education and mentorship programs. The following discussion focuses on the community development aspect of the Baltimore initiatives.

Strategic Demolition and Smart Growth Impact Fund

Chapter 30 of 2016 established the Strategic Demolition and Smart Growth Impact Fund to provide grants and loans through the Smart Growth Impact Program, which already existed within the Division of Neighborhood Revitalization in DHCD, to government agencies and community development organizations for revitalization projects in any area designated as a sustainable community. The Act specified the allocation and distribution of specified funds, the majority of which were dedicated to Baltimore City.

Baltimore Regional Neighborhood Initiative Program

Chapter 29 of 2016 codified the existing Baltimore Regional Neighborhood Initiative Program (BRNI) within DHCD and established a Baltimore Regional Neighborhood Initiative Program Fund to provide financial assistance under the program. BRNI was designed to provide strategic investment in local housing and businesses, focusing on areas where modest investment will have an appreciable neighborhood revitalization impact. In addition, the Act provided specified appropriations and established application procedures, eligibility requirements, and authorized uses for the funds. Lastly, the Act made a nonprofit community development organization eligible to apply for BRNI funds if its purpose was to implement a clear revitalization strategy in neighborhoods in Baltimore City or the inner Baltimore Beltway communities of Anne Arundel or Baltimore counties. *Chapter 766 of 2018* repealed the requirement that an application to DHCD for funds under BRNI contain a local government resolution or letter of support, a requirement that was inadvertently included when BRNI was codified under *Chapter 29*. This change made the application process through BRNI consistent with the application process in other neighborhood revitalization programs within DHCD.

Seed Community Development Anchor Institution Fund

Chapter 31 of 2016 established a 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. To be eligible for a grant or loan, an anchor institution – defined as (1) an institution of higher education in the State or (2) a hospital institution in the State that has at least five physicians and offers diagnostic and treatment services, including overnight care, for two or more unrelated individuals – is required to provide evidence of matching funds from a private source. For fiscal 2018 through 2022, the Governor is required to include in the annual budget bill an appropriation of \$5,000,000 to the fund.

Workers' Compensation

During the 2015-2018 term, the General Assembly passed several measures modifying workers' compensation coverage for specified employees and workers' compensation benefits, including eligibility for occupational disease presumption benefits and enhanced benefits. Furthermore, the General Assembly altered provisions of law concerning the failure to report specified accidents or occupational diseases to the Workers' Compensation Commission, suspected fraud, and the priority of reimbursement in certain actions for damages against third parties. Lastly, the General Assembly passed legislation concerning workers' compensation insurers' rating plans and making operational changes and establishing other requirements that apply to the Chesapeake Employers' Insurance Company.

Coverage

Even though not technically an employee, when a student is placed in an unpaid, work-based learning experience coordinated by a county board of education or a private noncollegiate institution, the employer is required to secure workers' compensation coverage for the student. The requirement may be satisfied if the county board or institution provides the coverage for the student instead. If the coverage is provided by the county board or institution, the employer must reimburse the county board or institution in an amount equal to the lesser of the cost of the premium for the coverage or a \$250 fee. *Chapters 207 and 208 of 2018* expanded the authority to waive the reimbursement requirement to all county boards of education, rather than only the county boards in Allegany, Cecil, and Howard counties.

The State Racing Commission manages the Maryland Jockey Injury Compensation Fund, Inc., which was established in 1986 as a nonprofit corporation in the Department of Labor, Licensing, and Regulation. The purpose of the fund is to purchase a blanket workers' compensation insurance policy for all jockeys who are covered employees under workers' compensation law. The commission is required to assess each licensed owner and trainer of a thoroughbred horse an amount sufficient to cover the cost of the workers' compensation insurance policy. *Chapters 221 and 222 of 2018* required the membership of the fund to consist of each licensed owner and trainer of a thoroughbred horse who is subject to the assessment. In addition, the Acts altered the circumstances under which jockeys are covered employees. Specifically, the

Acts provided that a jockey who is licensed by the commission to ride a thoroughbred horse is a covered employee while performing a service in connection with live thoroughbred racing or, if the principal earnings of the jockey are based on money earned as a jockey during live racing and not as an exercise rider, training a thoroughbred race horse at a thoroughbred racing association or training facility under the jurisdiction of the commission. The Acts also repealed other provisions related to applications for benefits and actions against the licensed owner or trainer.

Benefits

Generally

Chapters 69 and 70 of 2017 increased, from \$45,000 to \$65,000, the limitation on unpaid benefits that may survive to a covered employee's dependents or spouse when the employee was receiving permanent total disability benefits and died from causes unrelated to the claim.

In addition to monetary compensation for a workers' compensation claim, the Workers' Compensation Commission may require the employer or its insurer to pay for specified medical care and treatment. This medical care and treatment must be provided for an appropriate time period, depending on the nature and type of personal injury, compensable hernia, or occupational disease. *Chapters 567 and 568 of 2017* generally established a 12-month time limit for a medical service provider that treats a covered employee under workers' compensation to bill an employer or its insurer. A bill must be submitted within 12 months from the later of the date (1) the medical service or treatment was provided to the covered employee; (2) the claim for compensation was accepted by the employer or the employer's insurer; or (3) the claim for compensation was determined by the commission to be compensable. The employer or its insurer may not be required to pay a bill submitted after the 12-month limit unless (1) the provider files an application for payment within three years from the later of the date the medical service or treatment was provided, the claim for compensation was accepted by the employer or the employer's insurer, or the claim for compensation was determined by the commission to be compensable and (2) the commission excuses the untimely submission for good cause.

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. *Chapter 324 of 2015* extended to Anne Arundel County detention officers an occupational disease presumption for heart disease or hypertension that results in partial or total disability or death. The presumption applies only to the extent that the individual suffers from heart disease or hypertension that is more severe than the individual's condition prior to being employed as a detention officer.

Enhanced Benefits

Certain public safety employees – including specified volunteer and paid firefighters, paramedics, and law enforcement officers – are entitled to receive enhanced workers' compensation benefits for permanent partial disabilities that are determined to be compensable for fewer than 75 weeks. Under current law, an employee who is not entitled to enhanced benefits is compensated at a rate that equals one-third of the employee's average weekly wage, not to exceed 16.7% of the State average weekly wage. A public safety employee who is awarded compensation for a period of fewer than 75 weeks for a permanent partial disability is compensated by the employer or its insurer at an enhanced rate that is equal to the rate for claims that are determined to be compensable for 75 to 250 weeks (two-thirds of the employee's average weekly wage, not to exceed one-third of the State average weekly wage).

Chapter 324 of 2015 and *Chapters 588 and 589 of 2018* altered the definition of "public safety employee" to include Anne Arundel County detention officers and State correctional officers, respectively. Additionally, *Chapter 339 of 2015* altered the definition to include a Baltimore County deputy sheriff who sustains an accidental personal injury that arises out of and in the course and scope of performing duties directly related to (1) courthouse security; (2) prisoner transportation; (3) service of warrants; (4) personnel management; or (5) other administrative duties. Finally, *Chapter 493 of 2016* repealed a provision that limited the circumstances under which a Howard County deputy sheriff was considered a public safety employee to when the deputy sheriff was performing law enforcement duties expressly requested, defined, and authorized in accordance with a written memorandum of understanding executed between the Howard County Sheriff and other law enforcement agencies. As a result, *Chapter 493* included a Howard County deputy sheriff as a public safety employee under all circumstances for purposes of eligibility for the enhanced workers' compensation benefits.

Prohibited Acts and Suspected Fraud

If an accidental personal injury causes a disability for more than three days or death, an employer must report the accident to the Workers' Compensation Commission within three days after learning about the injury. Additionally, when learning that a covered employee has been disabled due to an occupational disease, the employer must promptly report the disability to the commission. An employer that fails to report such an accident or occupational disease is guilty of a misdemeanor and is subject to a fine of up to \$50. *Chapters 565 and 566 of 2017* increased, from \$50 to \$500, the maximum fine that may be imposed and limits the penalty to knowing violations only.

Chapter 533 of 2018 expanded the authority of the Maryland Insurance Administration's Insurance Fraud Division to encompass investigating and taking action on fraud committed by or against a governmental self-insurance group and employers who self-insure under workers' compensation law. The Act also expanded the definition of "insurance fraud," for purposes of certain provisions of law governing reporting and preventing insurance fraud, to include a violation of the prohibition against a person knowingly affecting or knowingly attempting to affect the payment of compensation, fees, or expenses under workers' compensation law by means of a

fraudulent representation. In addition, the Act required governmental self-insurance groups and employers who self-insure or participate in a self-insurance group for workers' compensation to report suspected insurance fraud cases, in writing, to the Insurance Fraud Division. Information submitted to the Insurance Fraud Division in this manner is not subject to public inspection, except under specified circumstances.

Subsequent Injury Fund

An insurer, a self-insured employer, the Subsequent Injury Fund, or the Uninsured Employers' Fund are all authorized to seek damages against a third party in a workers' compensation case when the third party is liable for the injury or death of the covered employee in the case. A covered employee, or in case of death, the dependents of the covered employee may bring an action for damages against the third party. If the employee or dependents recover damages, the covered employee or dependents first may deduct the costs and expenses for the action. Next, the insurer, the self-insured employer, the Subsequent Injury Fund, or the Uninsured Employers' Fund are reimbursed for compensation paid and other costs incurred. *Chapters 534 and 535 of 2018* required that, in determining reimbursement to these parties, if the parties have not waived third-party reimbursement, first, the insurer, the self-insured employer, or the Uninsured Employers' Fund are reimbursed; next, the Subsequent Injury Fund is reimbursed.

Rating Plans

Chapters 263 and 264 of 2017 expressly authorized a workers' compensation insurer to develop a tiered rating plan containing two or more risk tiers to be applied to the insurer's acceptance of risks under the uniform classification system on which a rate may be made. A tiered rating plan must (1) establish discrete tiers based on defined risk attributes that are reasonably related to the insurer's business and economic purposes and are not arbitrary, capricious, or unfairly discriminatory; (2) require each insured to be placed in the highest quality tier for which it qualifies; and (3) be filed with the Maryland Insurance Commissioner at least 30 days before it may be used. The Commissioner must disapprove a tiered rating plan if the insurer fails to demonstrate that the data produced under the plan cannot be reported in a manner consistent with the uniform classification system and statistical plan. The Acts also expressly authorized an insurer to file a merit rating plan with the Commissioner for insureds who do not qualify for a uniform experience rating plan.

Chapter 394 of 2016 authorized a workers' compensation insurer to file a rating plan that provides a premium discount of up to 4% to its insured employers if they have an alcohol- and drug-free workplace policy that includes at least one of following six programs: (1) an alcohol and drug testing program; (2) an employee education program on alcohol and drug abuse; (3) a supervisor education program on alcohol and drug abuse; (4) an employee assistance program that includes referrals of employees for appropriate diagnosis, treatment, and assistance; (5) a program requiring an employee who has caused or contributed to an accident while at work to undergo alcohol or drug testing; and (6) any other program that the insurer deems effective to encourage an alcohol- and drug-free workplace. An insurer is not required to provide the premium

discount if the insured employer is required by federal or State law to test its employees for drugs or otherwise maintain an alcohol- and drug-free workplace.

Chesapeake Employers' Insurance Company

Chapter 570 of 2012 converted the Injured Workers' Insurance Fund into a private, nonprofit, and nonstock workers' compensation insurer as of October 1, 2013. This new organization is the Chesapeake Employers' Insurance Company (Chesapeake). **Chapter 36 of 2015** subjected Chesapeake to Title 11 of the Insurance Article, which requires workers' compensation insurers in the State to join a rating organization, beginning January 1, 2023. Additionally, the rating organization must (1) make annual reports beginning October 1, 2016, and ending October 1, 2022, to specified committees of the General Assembly concerning the status of Chesapeake joining the rating organization and (2) create a classification code for governmental occupations that are not already included in police, firefighter, and clerical classifications. Although the provisions related to the classification code requirement for the rating organization take effect January 1, 2022, the Act stated that it is the intent of the General Assembly that the selected rating organization create an exception in its classification system on or before January 1, 2022, to allow any authorized insurer in the State to use a single classification code for governmental occupations that are not included in police, firefighter, and clerical classifications.

In addition, **Chapter 36** authorized Chesapeake to establish, own, or control a subsidiary for any lawful purpose if the subsidiary (1) is, or after acquisition will be, wholly owned by Chesapeake; (2) engages in a business activity that is ancillary to the workers' compensation insurance business; and (3) is operated for the purposes of benefiting Chesapeake. Furthermore, the Act altered the selection process for the Chesapeake board members. Under the Act, two of the board's nine members must be appointed by the Governor; the remaining seven members must be appointed by policyholders under the procedures required by the board's bylaws. The Act authorized the removal of board members under certain circumstances and specified, through a transition process, the appointment dates and term limits of board members through 2029. Specifically, the Governor is required to appoint board members whose terms expire in 2015 through 2019. As these new terms expire, the policyholders begin to appoint their seven members. Finally, the Act requires the Insurance Commissioner to review the State's self-insured workers' compensation program for State employees at least once every five years and submit a report of its findings to the State Treasurer.

Unemployment Insurance

During the 2015-2018 term of the General Assembly, unemployment insurance (UI) underwent significant changes affecting coverage, employer contributions and waivers, and eligibility requirements. In addition, the General Assembly passed legislation modernizing the transmission of UI information and documents and altering appeals within the Department of Labor, Licensing, and Regulation. Lastly, the General Assembly altered penalties for fraudulent claims for UI benefits and expanded the methods for recovering improperly paid UI benefits.

Covered Employment

Employment is presumed to be covered employment under the UI law if (1) regardless of whether the employment is based on the common law relation of master and servant, the employment is performed for wages or under a contract of hire that is written or oral or express or implied and (2) the employment is performed either in the State or partly in the State, or in connection with the State, subject to specified conditions. To overcome the presumption of employment, an employer must establish that the individual performing the services is either an independent contractor or is specifically exempted under the law.

Chapter 574 of 2016 exempted from covered employment under the UI law work performed by a holder of a limited license to provide nail technician services who leases or otherwise agrees to the use of a chair, booth, or space from a holder of an applicable permit who operates a barbershop or beauty salon. In order for the exemption to apply, the Secretary of Labor, Licensing, and Regulation must be satisfied that (1) the holder of the license and the permit holder have entered into a written lease or other written agreement that is in effect; (2) the holder of the license pays a stipulated amount or commission to the permit holder, is not required to further account for income to the permit holder, and has certain access to the premises and ability to set work hours and prices; and (3) the lease or other agreement expressly states that the holder of the license knows of the responsibility to pay taxes and contributions to Social Security for self-employment and that the work is not covered employment.

Generally, work that a messenger service driver performs for a person who is engaged in the messenger service business is not covered employment. **Chapter 697 of 2016** altered the definition of “messenger service business” applicable to UI by repealing the requirement that the business not have an exclusive contractual delivery arrangement with an individual or a commercial establishment. One of the conditions that must be met for work not to be considered covered employment when performed by a messenger service driver for a person who is engaged in the messenger service business is that the compensation must be by commission only. The Act specified that commission includes (1) a schedule of compensation that is calculated from a percentage of revenue or some other measure of revenue that the driver generates for the messenger service business; (2) a fixed amount of compensation for the completion of a specific delivery job; and (3) a guaranteed minimum amount of compensation for the driver remaining available to provide delivery service.

Chapter 262 of 2017 exempted work performed by a qualifying youth sports worker for a youth sports organization from UI coverage. The Act defined “qualifying youth sports worker” as an individual who provides services or performs duties as an athletic coach, manager, program leader, or team assistant for compensation of up to \$1,250 per quarter of a calendar year, for either the current calendar year or the preceding calendar year. Additionally, the Act defined “youth sports organization” as an athletic or recreational program (1) organized for competition against another team, club, or entity or for athletic instruction exclusively for participants who are younger than age 19; (2) that is qualified under § 501(c)(4) (social welfare organizations) or § 501(c)(7) (social clubs) of the Internal Revenue Code; (3) that does not have any part of the net earnings benefiting any private shareholder; and (4) that has an adult employee or a qualifying youth sports

worker who has supervisory or disciplinary authority over youth participants. “Youth sports organization” does not include a public or private educational institution’s athletic program or a school-associated athletic activity.

Employer Contributions and Waivers

In 2014, the U.S. Department of Labor implemented regulations that altered the eligibility requirements for a state seeking a cash-flow (interest-free) loan to pay UI benefits. The requirement is phased in from 2014 (which started at 50% of the full funding goal) through 2018, increasing by 10% each year. The Department of Labor, Licensing, and Regulation advises that the approximate Unemployment Insurance Trust Fund (UITF) balance necessary to meet the full requirement in 2019 is anticipated to be approximately \$1.5 billion. For any calendar year beginning on or after January 1, 2017, *Chapter 337 of 2016* requires that the tax rate table in effect for the immediately preceding calendar year continue to apply if (1) the UITF balance on September 30 of the immediately preceding calendar year was at a level that would result in a tax rate table that had lower rates applied under current law and (2) the specified federal funding requirements were not met as of December 31 of the second immediately preceding calendar year.

Chapter 733 of 2017 authorized the Secretary of Labor, Licensing, and Regulation to waive the charge of benefits paid to a claimant against the earned rating record of an employing unit if (1) the benefits are paid to the claimant during a period in which the claimant is temporarily unemployed because the employing unit shut down due to a natural disaster and (2) the Governor declared a state of emergency due to the natural disaster. If the Secretary waives the charge of benefits under the Act, the waiver may only be in effect until the earlier of four months after the natural disaster or the date the employer reopens.

Eligibility for Benefits

Generally, to be eligible for UI benefits an individual must be able to work, available for work, and actively seeking work. *Chapter 339 of 2016* repealed an exemption from the requirement to be actively seeking work for individuals who are age 60 or older and who have been temporarily furloughed and are subject to recall. Additionally, *Chapters 248 and 249 of 2017* clarified that the Secretary of Labor, Licensing, and Regulation may exempt employees of an employer that temporarily closes all or part of its business operations, rather than only the employer’s plant, from the requirement to actively seek work during that period in order to receive UI benefits, subject to specified conditions.

The receipt of retirement payments can affect the eligibility of an individual for UI benefits. *Chapter 336 of 2016* clarified the definition of “retirement payment” and the criteria used to determine the effect of a retirement payment on eligibility for UI benefits. The Act altered the definition of “retirement payment” by specifying that it is an amount that is paid under a plan maintained or contributed to by, rather than paid for wholly or partly by, a base period employer. The Act also altered the circumstances used to determine the effect of a retirement payment on eligibility for unemployment benefits by specifying that the effect turns on whether or not an individual contributed to the plan, rather than whether or not the base period employer paid the

full cost of the plan. As a result, if an individual did not contribute to the plan that provides the retirement payment, the full retirement payment must be considered. However, if an individual contributed to the plan that provides the retirement payment, 50% of the retirement payment must be considered.

Procedures and Rights of Appeal

Chapter 250 of 2017 authorized the Department of Labor, Licensing, and Regulation to electronically send a determination, a redetermination, an appeals decision, a notice or any other document provided to an individual or employer under the UI law. An individual or employer is likewise authorized to electronically send information, a report, a request, or a document to the department.

Initial employer contribution account determinations are made by the Secretary of Labor, Licensing, and Regulation under the UI law. *Chapter 251 of 2017* established that the Lower Appeals Division in the department, rather than the Board of Appeals in the department, has jurisdiction over employer contribution account review determinations. Subsequently, a decision of the Lower Appeals Division may be appealed to the Board of Appeals. Before filing an appeal to the Lower Appeals Division, an employer must request an internal agency review of the Secretary's review determination, subject to specified requirements. If the Secretary has not issued a review determination decision within 60 days of receiving the request, an employer may request in writing that the Secretary adopt the previously issued determination as a final determination, which then can be appealed to the Lower Appeals Division. If an employer requests that the Secretary adopt the previously issued determination as a final determination, the Secretary must issue and send to the employer a notice adopting the previously issued determination as a review determination decision and advising the employer of the right to file an appeal to the Lower Appeals Division. The Act also generally codified an existing review determination process that occurs prior to an employer filing an appeal, extended the appeals process from 15 to 30 days, and authorized the electronic delivery of related notices.

Penalties for Fraud and Recovery of Benefits

A person, for that person or another, is prohibited from knowingly making a false representation or knowingly failing to disclose a material fact in order to receive or increase a UI benefit or other payment under State law or the UI law of another jurisdiction. *Chapter 342 of 2016* altered the penalties for claimants who have been found to have fraudulently received UI benefits. Under the Act, a person who knowingly violates Maryland UI law to receive or increase a UI benefit is disqualified from receiving benefits until the Secretary of Labor, Licensing, and Regulation determines that (1) the UI benefit unlawfully received, the monetary penalty, and the interest have been paid in full or (2) in the Secretary's sole discretion, the UI benefit unlawfully received and interest are uncollectible and the claimant has paid the monetary penalty. The person is disqualified from receiving UI benefits for (1) one year if the person has had no other knowing violations within the past four years; (2) two years if the person has had knowing violations in only one of the last four years; and (3) three years if the person has had knowing violations in more than one of the last four years.

Generally, the Secretary of Labor, Licensing, and Regulation may recover overpaid UI benefits through (1) a deduction from benefits payable to the claimant in the future (including for knowing violations), excluding the monetary penalty and interest assessed for knowing violations or (2) a civil action. **Chapter 342** authorized the Secretary also to recover benefits through other reasonable means of collection, including those permitted under State law for the collection of debts owed to the State, or federal law. In addition, for knowing violations, recovery may no longer be made through a deduction from benefits payable to the claimant in the future unless the offset is made by another state or jurisdiction that has a cooperative agreement with Maryland authorizing collections of outstanding overpayments through the other jurisdiction's UI program.

Chapters 244 and 245 of 2017 authorized the Secretary to recover the principal amount of UI benefits that have been improperly paid to a claimant by assessment in the same manner as provided for the assessment of past-due employer contributions. If the Secretary seeks to recover benefits by an assessment, the Secretary must allow a claimant to elect, within 30 days of the date of the notice of assessment, to have the amount collected by suit instead of by assessment. The Secretary must adopt regulations to provide general guidance about the processes under which the Secretary may recover benefits and the application of specified provisions of law to the recovery of benefits by assessment under the Acts.

Labor and Industry

During the 2015-2018 term, the General Assembly passed legislation requiring employers to have a sick and safe leave policy and offer individual retirement accounts. Additionally, the term saw new initiatives to strengthen workplace wage and hiring equality, confront workplace harassment, and expand the use of apprenticeships.

Sick and Safe Leave

Since 2013, legislation has been introduced providing various levels of paid sick leave to employees in the State. During the 2017 session, the General Assembly passed House Bill 1 entitled the Maryland Healthy Working Families Act. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session, and the bill's provisions became law in February 2018. **Chapter 1 of 2018** required an employer, including the State and local governments, to have a sick and safe leave policy under which an employee earns at least 1 hour of sick and safe leave for every 30 hours an employee works. An employer with 15 or more employees must provide paid sick and safe leave, while an employer with 14 or fewer employees must at least provide unpaid sick and safe leave. An employer is not required to allow an employee to earn or carry over more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned leave in a year, accrue more than 64 hours at any time, or use earned sick and safe leave during the first 106 calendar days worked.

The Act does not apply to employees who regularly work less than 12 hours a week, independent contractors, associate real estate brokers and real estate salespersons, individuals younger than age 18 before the beginning of the year, workers in the agricultural sector,

construction workers covered in a collective bargaining agreement if terms relating to the waiver of paid leave are included in the agreement, employees who work on an as-needed basis in a health or human services industry, or specified employees of a temporary services or employment agency. An employee is entitled to use earned sick and safe leave:

- to care for or treat the employee’s mental or physical illness, injury, or condition;
- to obtain preventive medical care for the employee or employee’s family member;
- to care for a family member with a mental or physical illness, injury, or condition;
- for maternity or paternity leave; and
- for circumstances due to domestic violence, sexual assault, or stalking committed against the employee or the employee’s family member.

If an employer already has a paid leave policy that allows an employee to accrue and use leave that is equivalent to the sick and safe leave provisions under the Maryland Healthy Working Families Act, the employer is not required to modify its leave policy. Also, an employer is exempt from the accrual and carryover provisions of the Act if the employer awards an employee the full amount of leave that could be accrued at the beginning of the year. Local jurisdictions are preempted from establishing sick and safe leave laws, but the one jurisdiction with a sick and safe leave law is authorized to alter its law.

To offset some of the costs incurred by small businesses for providing paid leave under the Maryland Healthy Working Families Act, *Chapter 571 of 2018* created a refundable credit against the State income tax for a small business that employs 14 or fewer employees and provides paid sick and safe leave in accordance with the Act. The tax credit applies to a qualified employee who earns 250% or less of the annual federal poverty guidelines for a single-person household. For a more detailed discussion of *Chapter 571*, see the subpart “Income Tax” within Part B – Taxes of this *Major Issues Review*.

Retirement Security for Private-sector Employees

Since the 1980s, employee access to pension and retirement savings plans has declined. The share of employees with a defined benefit pension plan dropped from 88% in 1983 to 32% in 2010, with private-sector employees bearing the brunt of the decline in access to pension plans. This decline has shifted the burden for saving for retirement from employers to employees, but many employees do not have access to an employer-sponsored retirement plan.

Since 2012, several states have enacted plans to expand access to retirement savings vehicles to private-sector employees, under preliminary regulations issued by the federal government that offered a safe harbor to states looking to enact programs that are not subject to the federal Employee Retirement Income Security Act. In 2016, Maryland enacted a similar plan.

Chapters 323 and 324 of 2016 established the Maryland Small Business Retirement Savings Program and Trust. The program and trust are administered by the Maryland Small Business Retirement Savings Board consisting of two *ex officio* members and nine members appointed by the Governor and the Presiding Officers. Nongovernmental employers in the State are required to enroll their employees in the program if they (1) do not otherwise offer their employees an employer-offered savings arrangement; (2) use a payroll system or service; and (3) have been in business for at least two years. The program consists of individual retirement accounts that operate in accordance with federal law and offer employees multiple investment options, including a default option chosen by the board for employees who do not actively select an investment option. The program's operating expenses are paid from an administrative fee charged against assets in the trust that cannot exceed 0.5% of the value of those assets. The program may not be implemented until the board obtains an opinion from legal counsel or from the federal government that the plan, trust, and other aspects of the program qualify for favorable federal income tax treatment under the federal Internal Revenue Code. Although the federal regulations were withdrawn in 2018, Maryland and other states are proceeding with the implementation of their programs.

After the program becomes operational, employers that participate in the program, as well as those that provide an alternative or existing pension or retirement plan to their employees, are exempt from paying the State's annual filing fee for corporations and other business entities. Employees of covered employers are automatically enrolled in the program and may choose to opt out. Employers may not contribute to the program on behalf of their employees, and their involvement is limited to ministerial activities such as forwarding payroll deductions to the program.

The State is not liable for the payment of retirement savings benefits payable by the program. Moreover, the debts, contracts, and obligations of the board, trust, and program are not the debts, contracts, or obligations of the State, and neither the State's full faith and credit nor taxing powers are pledged directly or indirectly to the payment of the debts, contracts, and obligations. Also, an employer's participation in the program does not create a fiduciary obligation, and employers are not liable for their employees' decision to participate or opt out of the program or for their investment decisions.

Chapter 596 of 2018 made the board a body politic and corporate and an instrumentality of the State, clarified the types of retirement savings programs that employers may offer in order to qualify for an exemption from the State's business filing fee, made the board's employees eligible to participate in the State health plan, and made other technical changes to the board's authority.

Equal Pay for Equal Work

The State's antidiscrimination law 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. Regardless of employer size, under the State's Equal Pay for Equal Work law, an employer may not discriminate between employees in any occupation by paying a wage to employees of one sex at a rate less than the rate paid to employees of the opposite sex, if both employees work in the same establishment and perform work of comparable character or work on the same operation, in the same business, or of the same type.

Chapters 556 and 557 of 2016 expanded the Equal Pay for Equal Work law to prohibit wage discrimination based on gender identity. Additionally, an employer may not provide less favorable employment opportunities based on sex or gender identity. Providing less favorable employment opportunities includes assigning or directing an employee into a less favorable career track, if career tracks are offered, or position; failing to provide information about promotions or advancement in the full range of career tracks offered by the employer; or limiting or depriving an employee of employment opportunities that would otherwise be available to the employee but for the employee's sex or gender identity. Moreover, new provisions were established whereby an employer may not 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.

If an employer knew or reasonably should have known that the employer's action violates Equal Pay for Equal Work provisions, an affected employee may bring an action against the employer for injunctive relief and to recover the difference between the wages paid to employees of one sex or gender identity who do the same type of work, and an additional equal amount as liquidated damages. If an employer knew or reasonably should have known that the employer's action violates wage disclosure provisions, an affected employee may bring an action against the employer for injunctive relief and to recover actual damages, and an additional equal amount as liquidated damages. *Chapters 556 and 557* also established a new statute of limitations regarding the filing of an action for a violation of any provisions of the Equal Pay for Equal Work law. An employee may file an action no later than three years after the employee receives the last paycheck after termination of employment.

Chapter 639 of 2016 established the Equal Pay Commission in the Division of Labor and Industry within the Department of Labor, Licensing, and Regulation (DLLR). The commission must evaluate wage disparities, establish a mechanism to collect data from employers in the State in order to evaluate wage disparities, develop a strategy to determine and recommend best practices regarding equal pay for equal work, study and recommend administrative and legal processes and remedies to streamline and harmonize employment antidiscrimination laws, partner with other private- and public-sector entities, and share data and findings with the Commissioner of Labor and Industry to assist in enforcement actions of the Equal Pay for Equal Work law. The commission is required to annually report its findings and recommendations to the Governor and specified committees of the General Assembly by December 15 of each year.

Employment Wages

State law specifies that an employee must be paid at least the greater of the federal minimum wage (which is currently \$7.25 per hour) or beginning July 1, 2018, \$10.10 per hour.

The Commissioner of Labor and Industry, however, may authorize a work activities center or other sheltered workshop, with a federal certificate, to pay an employee with a disability less than the State minimum wage. Under *Chapters 521 and 522 of 2016*, beginning October 1, 2020, the commissioner may not authorize a center or workshop to pay a subminimum wage under any circumstances. Until October 1, 2020, a center or workshop may continue to pay an employee with a disability a subminimum wage only if the employer already has an authorization to do so, provides specified notifications to the employee, has a supplemental plan in place, and meets other specified criteria. The supplemental plan, developed by the disabled employee's resource coordinator and team members, must address how community integration and employment will be accomplished. In addition, the commissioner may not authorize a work activities center or other sheltered workshop to pay an employee with a disability a subminimum wage unless the center or workshop was authorized to do so before October 1, 2016.

After October 1, 2020, a center or workshop may continue to pay a federally authorized prevailing wage to an employee with a disability if the center or workshop was authorized to pay the wage before October 1, 2016, and the center or workshop maintains the federal certificate. Consistent with the repeal of the subminimum wage for employees with a disability, after October 1, 2020, the Developmental Disabilities Administration may not fund providers that pay individuals subminimum wage.

Hiring and Promotion Practices

All states grant some form of employment preference to veterans in the public sector, but private employers have been hesitant to favor veterans because of provisions of the Civil Rights Act of 1964 that prohibit discrimination in hiring. An exception to the federal law, however, allows preferences for veterans if they are authorized under federal, state, or local law. *Chapters 318 and 319 of 2016* authorized an employer to grant a hiring and promotion preference to an eligible veteran, the spouse of an eligible veteran who has a service-connected disability, or the surviving spouse of a deceased eligible veteran. An eligible veteran is a veteran of any branch of the U.S. Armed Forces, including the National Guard and the military reserves, who has received an honorable discharge or a certificate of satisfactory completion of military service. The law also established that the preference does not violate any State or local Equal Employment Opportunity law. *Chapters 586 and 587 of 2018* extended the preference to veterans of the commissioned corps of the Public Health Service and National Oceanic and Atmospheric Administration.

Workplace Harassment

Sexual harassment is a form of sex-based discrimination. *Chapters 738 and 739 of 2018* established that, except as prohibited by federal law, a provision in an employment contract, policy, or agreement that waives any substantive or procedural right or remedy to a claim that accrues in the future of sexual harassment, or retaliation for reporting or asserting a right or remedy based on sexual harassment, is null and void as being against the public policy of the State. Employers with 50 or more employees must submit a short survey by July 1, 2020, and by July 1, 2022, to the Maryland Commission on Civil Rights on sexual harassment settlements. The

commission must then publish aggregated information from the surveys on its website, retain responses for public inspection on request, and create an executive summary on a random selection of surveys by December 15, 2020, and by December 15, 2022.

Education and Workforce Training

Apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journey person and related technical instruction in a specific occupation. During this term, legislation was enacted that was intended to increase use of apprenticeships.

More Jobs for Marylanders Act

Chapter 149 of 2017, among other provisions, established an income tax credit for businesses that employ an eligible apprentice, required specified vocational goals to be established for high school students, and required State agencies to analyze and report specified information on registered apprenticeship programs. The Act created a tax credit against the State income tax for individuals or corporations that employ an apprentice for at least seven months during a taxable year in an apprenticeship program registered with the Maryland Apprenticeship and Training Council (MATC). The income tax credit is equal to the lesser of \$1,000 for each apprentice or the taxpayer's tax liability. DLLR may approve tax credits of up to \$500,000 annually.

The Maryland State Department of Education, DLLR, and the Maryland Longitudinal Data System Center must jointly determine ways to expand and analyze available data, including participation in career and technology education courses, relating to individuals who participate in registered apprenticeship training programs. The Division of Workforce Development and Adult Learning within DLLR must partner with State departments and their exclusive representatives to identify opportunities to create registered apprenticeship programs to help address the career workforce needs of those departments. The division must also identify opportunities to create registered apprenticeship programs. Lastly, DLLR must explore ways to combine the Youth Apprenticeship Pilot Program with the State Apprenticeship and Training Program.

The State Board of Education, in consultation with DLLR and the Governor's Workforce Development Board (GWDB), must develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a career and technical education program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating high school. The Longitudinal Data System Center and GWDB were required to develop annual income earnings goals for high school graduates who have not earned at least a two-year college degree by age 25. In addition, the State Board of Education must develop a method to consider a student's attainment of a State-approved industry credential as equivalent to earning a score of 3 or better on an Advanced Placement examination.

Career Youth and Public Sector Apprenticeship Act

Continuing the efforts begun in 2017 regarding apprenticeships, *Chapter 403 of 2018* authorized a local board of education to count the time spent in a registered apprenticeship program toward high school attendance and either high school graduation or a postsecondary credential, or both. A higher education institution may not refer to a noncredit or credit course as an apprenticeship or apprenticeship training course unless the course is an approved registered apprenticeship training program by MATC. The Division of Workforce Development and Adult Learning and the Department of Budget and Management must develop position classifications, which would include incremental salary adjustments, for employees who are selected to participate in registered apprenticeship programs.

Public Work Contractors

The State Apprenticeship Training Fund was established in 2009 and requires contractors and subcontractors on public work contracts subject to the prevailing wage law to either participate in an apprenticeship training program, make payments to a registered apprenticeship program or to an organization that operates registered programs for the purpose of supporting the programs, or directly contribute to the fund. *Chapter 782 of 2017* increased the number of contractors that could be required to contribute to the fund by requiring each contractor or subcontractor awarded a contract for at least \$500,000 for a capital construction project that receives at least \$1 million in the State's capital budget to be affiliated with a registered apprenticeship program and use apprentices in each covered craft, make payments to the fund, or make payments directly to a registered apprenticeship program. Payments to the fund are determined by the Secretary of Labor, Licensing, and Regulation, but they may not exceed \$0.25 per hour for each of the contractor's or subcontractor's employees working on the project. If a contractor or subcontractor makes payments directly to an apprenticeship program that are less than those required by the Act, the contractor must pay the difference to the fund.

Employment Safety Provisions

Elevators in the State must be inspected, tested, and maintained in a safe operating condition in accordance with the State Safety Code and regulations adopted by the Commissioner of Labor and Industry. *Chapter 337 of 2018* phased in over two years a requirement that annual and five-year tests performed on elevators by a licensed elevator mechanic in privately and publicly owned buildings be conducted in the physical presence of a third-party qualified elevator inspector who must witness the test. *Chapter 337* also allowed witnessed tests on publicly owned elevators to be in the presence of a State inspector if there are insufficient third-party inspectors, based on a determination by the commissioner. DLLR must submit a report on the status of how inspections are being conducted under the new requirements to specified committees of the General Assembly by January 1, 2020. To make sure that there are sufficient numbers of third-party qualified elevator inspectors, DLLR must establish and administer, within the Maryland Apprenticeship and Training Program, an apprenticeship program for third-party qualified elevator inspectors.

Alcoholic Beverages

Alcoholic Beverages Regulation Task Force

In Maryland, while alcoholic beverages retailers are regulated by local boards of license commissioners, alcoholic beverages manufacturers and wholesalers are regulated by the Office of the State Comptroller 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. FED is responsible for enforcing the State's alcoholic beverages laws through inspection and oversight.

Chapter 25 of 2018 established a Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health in the State to examine whether the Comptroller's Office is the most appropriate agency to ensure the safety and welfare of Maryland residents, or whether those tasks should be assigned to another State agency or to one created specifically to carry out those tasks. The task force, whose membership includes legislators, alcohol industry representatives, law enforcement representatives, and health care professionals, must review laws in light of recent changes regarding alcohol production, distribution, and sale; the impact of alcohol on public health, economic development, and employment; and the enforcement of alcohol regulation and laws at the State and local levels. The task force must make (1) recommendations regarding additional policies and methods of implementation regarding alcohol laws and (2) legislative proposals that would expand the availability of alcohol to the public. The task force must report its findings and recommendations to the General Assembly by December 1, 2018.

Beer and Breweries

Class 5 Breweries

For years, craft brewers in the State have called for legislation to greatly increase the amount of beer they may sell for on-premises consumption in their taprooms. They have been opposed by beer wholesalers and retailers, who feared that their businesses would suffer as a result.

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 (production) breweries limited the sale and sampling to 500 barrels of beer each year. *Chapter 813 of 2017* made three significant changes to the regulation of all Class 5 breweries, including small craft breweries and the large Guinness brewery, which opened a taproom in fall 2017.

First, the Act increased the amount of beer a Class 5 brewery is authorized to sell for on-premises consumption each year from 500 barrels to 2,000 barrels. The brewer may apply for permission to sell an additional 1,000 barrels each year, but the brewer must first purchase any beer sold in excess of the 2,000 barrels from a licensed wholesaler.

Second, the Act authorized a Class 5 brewery to contract to brew and bottle beer with and on behalf of another Class 5 brewery or a holder of a Class 2 rectifying license, Class 7 micro-brewery license, Class 8 farm brewery license, or nonresident dealer's permit. Contract beer that is sold for on-premises consumption at a Class 5 brewery may not exceed the greater of 25% of the total number of barrels of beer sold each year for on-premises consumption or 1.2% of total finished production under the Class 5 brewery license.

Third, the Act altered the hours during which the sales and serving privileges of an onsite consumption permit may be exercised by specified Class 5 breweries. For license holders who obtain an onsite consumption permit after April 1, 2017, the hours of sale for onsite consumption extended from 10 a.m. until 10 p.m., Monday through Sunday. Class 5 breweries that obtained licenses before April 1, 2017, were exempted from the Act's stated hours of sale and could continue to operate under the longer hours established in each local jurisdiction.

During the 2018 legislative session, numerous bills were proposed by craft brewery proponents. Prominent among these bills was the so-called "Reform on Tap" legislation, *House Bill 518 of 2018*, introduced on behalf of the Comptroller. However, each bill failed. The bills would have affected breweries by (1) partially repealing *Chapter 813*, limiting its application solely to the Guinness brewery opening in Baltimore County; (2) significantly expanding the privileges conferred by any type of brewery license related to production limits, onsite sale and sampling, and distribution; (3) allowing a brewery that obtained a limited wholesaler's license to directly distribute any amount of its own product instead of being limited to 3,000 barrels; and (4) expanding Class 5 brewery privileges related to the onsite sampling and sale of beer.

Beer Festival Permits

Chapter 192 of 2015 established a nonprofit beer festival permit. A local licensing board is authorized to issue the beer festival permit to nonprofit organizations meeting specified requirements. The Act set a permit fee of \$100. The Act also authorized the Comptroller's Office to issue a brewing company off-site permit to a Class 5 brewery, a Class 7 micro-brewery, or a Class 8 farm brewery and to license or allow these licensees to participate in specified festivals, farmers' markets, fairs, and other events.

Wine and Wineries

Class 4 Limited Wineries

A Class 4 limited winery license, which the Comptroller issues, authorizes the sale and sampling of wine and pomace brandy produced by the license holder for consumption. Among other things, a license holder may distill and bottle up to 1,900 gallons of pomace brandy made from available Maryland agricultural products. *Chapter 542 of 2018* established stricter requirements for a business to obtain a Class 4 limited winery license. Specifically, the Act changed the broad requirement that a licensee use Maryland agricultural products to produce wine and pomace brandy to instead require the licensee to (1) own or have under contract at least 20 acres of grapes or other fruit in cultivation in the State for use in the production of wine or (2) ensure at least 51% of the ingredients used in alcoholic beverages production are grown in the

State. The Secretary of Agriculture each year is authorized to grant a one-year exemption to an applicant from the 51% requirement. For any person who holds a Class 4 license on or before June 30, 2018, the Act does not apply until May 1, 2022.

Liquor, Distilleries, and Rectifiers

Class 9 Limited Distilleries

Before the enactment of *Chapter 449 of 2015*, the only way to manufacture liquor in the State was to obtain a Class 1 distillery license. The Class 1 license is a general license that authorizes (1) the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license and (2) the sale and delivery of those alcoholic beverages, with specified restrictions. *Chapter 449* established a Class 9 limited distillery license for use only in Worcester County. The Class 9 license is issued by the Comptroller's Office and authorizes the holder to distill, rectify, bottle, or sell not more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits each year under specified conditions. *Chapter 308 of 2016* expanded the scope of *Chapter 449* by authorizing the Comptroller to issue a Class 9 limited distillery license in all other jurisdictions in the State. The 2016 Act also authorized the Comptroller to issue a Class 9 limited distillery license to the holder of a Class B beer, wine, and liquor license or a Class D beer, wine, and liquor license in the State, if that license authorizes sales for both on- and off-premises consumption.

Rectifying, Sales, and Sampling Authority for Distilleries

Historically, a Class 1 distillery license authorized the manufacture and limited distribution of its products, not their retail sale. *Chapter 68 of 2016* authorized any Class 1 distillery to sell up to three 750-milliliter bottles 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. Prior to this Act, a Class 1 distillery could do so only if it manufactured not more than 27,500 gallons of products each year.

Chapter 314 of 2017 authorized a Class 1 distillery license holder to rectify, blend, and bottle specified alcoholic beverages at the location described in the license. A Class 1 distillery license holder is authorized to acquire alcoholic beverages from the holder of a manufacturer's license, wholesaler's license, or nonresident dealer's permit for use in manufacturing. The Act also altered the sizes of samples that a Class 1 distillery license holder could serve to specified individuals. The Act authorized a license holder to sell up to 2.25 liters, rather than specifying three 750-milliliter bottles, of products manufactured on the licensed premises for off-premises consumption. Additionally, the Act expanded the Class 1 distillery license holder's hours for on-premises consumption.

Distillery Wholesaling

Generally in the State, alcoholic beverage manufacturers are not permitted to directly distribute or sell their own products at wholesale. In recent years, however, beer and wine manufacturers have been authorized to directly distribute limited quantities of product.

Extending this privilege to distillers, *Chapter 310 of 2016* established a nonresident distillery permit and a Class 8 liquor wholesaler’s license. The Comptroller’s Office may issue a nonresident distillery permit to a person who does not have a nonresident dealer’s permit, produces not more than 100,000 gallons of liquor each year, and is licensed to do so outside of the State. The nonresident distillery permit holder may sell and deliver the permit holder’s own liquor from a location outside the State to an authorized retail license holder or a permit holder in the State. The Comptroller’s Office may issue a Class 8 liquor wholesaler’s license to a person that holds a Class 1 distillery license and produces not more than 100,000 gallons of liquor each year. The license authorizes the license holder to distribute not more than 27,500 gallons of its own liquor each year.

Retail Sale of Alcoholic Beverages

Issuance of Class B Beer, Wine, and Liquor Retail Licenses

A Class B beer, wine, and liquor license allows a restaurant, hotel, or motel to sell alcoholic beverages for consumption on or off-premises, depending on the license. State law generally limits the number of alcoholic beverages licenses that may be issued to a single license holder to one; however, there are exceptions in some jurisdictions. For example, with certain specified requirements, Montgomery County authorizes a single license holder to obtain up to 10 Class B beer, wine, and liquor licenses.

Chapter 225 of 2018 authorized a single individual to hold multiple Class B beer, wine, and liquor licenses or equivalent licenses issued by different local licensing boards for restaurants, hotels, or motels. The number of licenses that a single individual may hold is only limited by the cap imposed by each local licensing board on the licenses that the board issues. The licenses may be issued for use by the license holder, a partnership, a corporation, an unincorporated association, or a limited liability company.

Expansion of Onsite Sampling and Sale of Product by Manufacturers

Chapter 627 of 2016 authorized the holder of multiple manufacturer’s licenses at the same or different premises to allow the sampling, sales, and consumption of products produced under the licenses at each of the premises, consistent with the authorization of each license. Additionally, the Act repealed prohibitions against distillery, rectifying, limited winery, and farm brewery license holders from selling or allowing to be consumed at the licensed premises any product other than products produced by the license holder.

Ban on the Sale of Powdered Alcohol

“Palcohol” is a brand of prepackaged powdered alcohol that can be dissolved in a liquid to produce an alcoholic beverage. The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol on March 10, 2015, making it legal for Palcohol to be sold in the United States. Additionally, the U.S. Food and Drug Administration determined that the nonalcohol ingredients in Palcohol complied with agency regulations.

Chapter 475 of 2015 prohibited a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. The prohibition initially terminated on June 30, 2016; however, *Chapter 564 of 2016* extended the prohibition for two years so that it terminated June 30, 2018. *Chapter 224 of 2018* made this prohibition permanent.

Nonrefillable Containers

In recent years, legislation passed by the General Assembly has enabled local licensing boards in multiple jurisdictions to issue refillable container permits to liquor stores, restaurants, and bars to sell draft beer for off-premises consumption in refillable containers commonly called “growlers.” *Chapters 317 and 318 of 2017* established a permit for the sale of draft beer for off-premises consumption in disposable, nonrefillable containers commonly called “crowlers.” The permit may be issued by a local board of license commissioners in the same jurisdictions that authorizes the sale of draft beer in refillable containers.

Individuals with Intellectual Disabilities

Chapters 305 and 306 of 2018 repealed provisions of law applicable in specified counties that prohibit a license holder or employee from knowingly selling or providing an alcoholic beverage to an individual with an intellectual disability or to an individual if a family member or guardian has given written notice to the license holder or employee under certain circumstances.

Code Revision

The Alcoholic Beverages Article, enacted as *Chapter 41 of 2016*, was the thirty-sixth and final product of the revision of the Annotated Code of Maryland. With the enactment of the Alcoholic Beverages Article, the entire Maryland Code has been revised.

The Alcoholic Beverages Article, which revised former Article 2B of the Code, improved statutory language by eliminating obsolete provisions, resolving inconsistencies and conflicts in the law, correcting unintended gaps or omissions in the law, and deleting repetitive or otherwise superfluous language.

Local Bills

Proliferation of Alcoholic Beverages Licenses in Nontraditional Venues

In recent years, many local jurisdictions have authorized the expansion of the sale of alcoholic beverages into nontraditional venues such as art galleries, barbershops, beauty salons, bookstores, and movie theaters.

Art Galleries: Chapter 635 of 2016 authorized the Frederick County Board of License Commissioners to issue an art gallery beer and wine license to a nonprofit or for-profit retail business engaged in the display and sale of original artwork, or copies of original artwork that are reproduced no more than 300 times, by an artist or group of artists. A business that displays and

sells commercially prepared or mass-produced artistic products is ineligible for the license. **Chapter 288 of 2017** authorized the St. Mary’s County Board of License Commissioners to issue an art establishment license to a for-profit retail business engaged in the display, sale, or demonstration of original art by an artist or group of artists; or the instruction of participating clients in creating art. The license authorizes the holder to sell or serve beer and wine at retail for on-premises consumption.

Barbershops and Beauty Salons: In Frederick County, **Chapter 127 of 2016** authorized beer and wine licenses in beauty salons, and **Chapter 493 of 2017** authorized the same license in barbershops. License holders are authorized to provide up to five ounces of beer or wine for on-premises consumption to customers who are receiving specified services or attending fundraising events at the establishments.

Chapter 289 of 2017 authorized the St. Mary’s County Board of License Commissioners to issue a beauty salon beer and wine license to a holder of a beauty salon permit. The license authorizes the licensee to sell or serve up to two 12-ounce offerings of beer or two 5-ounce offerings of wine for on-premises consumption by a beauty salon customer undergoing specified cosmetology services.

Bookstores: **Chapter 674 of 2018** established a bookstore beer and wine license in the City of Annapolis that authorizes the sale of beer and wine for consumption in a bookstore during a public lecture, reading, discussion, or similar bookstore event.

Movie Theaters and Cinemas: **Chapters 428 and 429 of 2016** established a Class MT movie theater beer, wine, and liquor license in Harford County. Under the license, beer, wine, and liquor may be served only in single-serve containers from a counter separate from a counter serving candy, popcorn, and nonalcoholic beverages.

Chapters 586 and 587 of 2016 authorized a Class CT (Cinema/Theater) license in Washington County for the sale of beer, wine, and liquor in a cinema or theater in a building primarily designed to show movies to the public, with a capacity to hold at least 100 permanent seats, and having a minimum of six movie theater rooms. **Chapter 429 of 2017** expanded the privileges of the Class CT license from one day per week to up to seven days, as specified.

Boards of License Commissioners

Ethics Reforms: **Chapter 519 of 2017** designated members and employees of local boards of license commissioners and local liquor control boards as “public officials” and, thus, subjected them to the Maryland Public Ethics Law. The Act does not apply in counties in which the county councils or board of county commissioners sit as a board of license commissioners or liquor control board: Dorchester County, Howard County, and Kent County. **Chapter 530 of 2018** applied the mandatory training and detailed financial disclosure requirements of the Maryland Public Ethics Law to members of local boards of license commissioners and local liquor control boards.

Board Appointment Processes: The processes by which board members were appointed in Baltimore City and Prince George’s County were altered to give greater control of the board appointment process to local authorities.

Until 2016, the Governor appointed the three regular members and one substitute member constituting the Board of License Commissioners for Baltimore City. **Chapter 26 of 2016** repealed the Governor’s appointment and removal powers and required the mayor to appoint two regular members to the board and the president of the city council to appoint one regular member and one substitute member to the board. **Chapter 750 of 2018** required that any such appointment made when the Senate is not in session be subject to the advice and consent of the Senate when the Senate next convenes.

In Prince George’s County, **Chapters 811 and 812 of 2017** altered the appointment process for the Prince George’s County Board of License Commissioners by requiring the county executive to appoint members to the board, rather than the Governor, and subject to confirmation by the Senate. The Acts also limited the number of terms a board member may serve to three, expanded ethics rules for the board by establishing additional conflict of interest and disclosure rules for board members, and applied the county public ethics law to board employees. The Acts specified certain types of experience that each member must have. Further, the Acts subjected board activities to the State Public Information Act, established complaint and investigation procedures, and required the Office of Legislative Audits to conduct regular performance audits of board operations. Finally, the Acts required the county executive to hire an outside professional consultant to review board procedures and submit a report to the county executive, the county council, and the county delegations to the Senate and House of Delegates.

Pub Crawls and Street Festivals

For Baltimore City and Washington County, the General Assembly established special licenses and permits that served to regulate the sale of alcoholic beverages to consumers attending organized pub crawls and street festivals.

Baltimore City Pub Crawl Promoter’s Permit: **Chapter 644 of 2016** established a pub crawl promoter’s permit in Baltimore City that authorizes individuals, for-profit organizations, and nonprofit organizations to publicize, sell tickets for, organize, operate, produce, or stage a pub crawl. The Act authorized the Baltimore City Board of License Commissioners to adopt regulations establishing the requirements for conducting a pub crawl, including public notice requirements at the premises of participating license holders. Before being issued the promoter’s permit, an applicant must obtain a special event permit from the Baltimore City Department of Transportation. A person who publicizes, organizes, operates, produces, facilitates, sells tickets for, or stages a pub crawl who has knowledge or reason to know that a pub crawl promoter’s permit has not been obtained is subject to specified fines, a license suspension, or both. The board is prohibited from granting a promoter’s permit for at least one year to any license holder found in violation of the permit requirement.

Washington County Outdoor and Street Festival Licenses: **Chapter 210 of 2015** authorized the Washington County Board of License Commissioners to issue a special Class C

(on-sale) beer and wine street festival license to a not-for-profit club, society, association, or organization in the Arts and Entertainment District within the City of Hagerstown. The license fee is \$30 per day and the total number of days authorized by the license is limited to 26 per calendar year. The Act was an effort to better integrate local businesses into the festivals by allowing individuals who properly purchased alcoholic beverages within the Arts and Entertainment District to move more freely between street festivals and participating establishments with on-sale privileges.

Class A-7 Licenses in Baltimore City

In Baltimore City, the most common alcoholic beverages license is the Class B-D-7 beer, wine, and liquor license, which authorizes the license holder to sell beer, wine, and liquor for off-sale consumption. This license however, also requires the holder to offer for sale beer, wine, and liquor for on-premises consumption. For years, certain Class B-D-7 license holders sought a more limited authorization to sell for off-premises consumption only, as they found that conducting an on-premises operation to be too burdensome. In response, *Chapter 537 of 2018* created a Class A-7 beer, wine, and liquor license in the city. The holder of a Class A-7 license is authorized to sell beer, wine, and liquor at retail at the place described in the license for off-premises consumption only. A holder of a valid Class B-D-7 beer, wine, and liquor license issued on or before July 1, 2018, may apply to the Baltimore City Board of License Commissioners to exchange that license for a new Class A-7 license if the license holder first obtains approval by resolution of the Baltimore City Council. Conversion to the Class A-7 license is only available until July 1, 2020.

Part I

Financial Institutions, Commercial Law, and Corporations

Financial Institutions

Commissioner of Financial Regulation

Disclosure and Sharing of Information

Over the past 20 years, the number and type of nonbank actors involved in financial services, particularly lending services, have increased significantly. As a result, the General Assembly passed licensing statutes that brought many nonbank actors, including persons engaged in the businesses of money transmission and debt management services, under the jurisdiction of the Commissioner of Financial Regulation. The General Assembly also provided the commissioner with examination authority over many of the licensing categories.

The goal of an examination is to identify the nature, severity, and cause of problems and to develop corrective measures to prevent deterioration of capital in the case of banks or consumer harm in the case of nonbank licensees. As part of the examination process, banks and other licensees must make their books and records available for review, as well as engage in informal discussion with examiners during the course of an examination. For an examination to be successful, the flow of information, both written and verbal, between the licensee and the commissioner must be open and frank.

Chapter 478 of 2016 expanded the scope of confidentiality pertaining to information obtained in the exercise of the commissioner's examination authority beyond banking institutions and credit unions to include all persons required to be licensed by the commissioner. The Act clarified that subsequent disclosure by any person in possession of the information is subject to the confidentiality provisions of the Act and is expressly prohibited without the commissioner's prior written consent.

The Act established that a person, including the commissioner, an employee of the commissioner's office, or the attorney for the commissioner's office, may not disclose any information obtained or generated in the exercise of the commissioner's authority to examine

licensed persons, banking institutions, and credit unions. The commissioner may disclose such information, however, in specified situations including (1) performing a public duty to report on or take special action; (2) testifying as a witness in a criminal proceeding; or (3) providing information to any state or federal agency having supervisory authority.

The Act also clarified that the commissioner may enter into information sharing agreements, or exchange information, with other governmental agencies, as long as the agencies are prohibited from disclosing any shared information without the prior written consent of the commissioner. Finally, all information disclosed to any person remains the property of the commissioner and may not be further disclosed by any person without the prior written consent of the commissioner.

Participation in Automated Licensing System

Chapter 253 of 2017 required seven categories of licensees (check cashers, collection agencies, consumer lenders, debt management services providers, installment lenders, credit services businesses, and sales finance companies) to register with the Nationwide Mortgage Licensing System and Registry (NMLS), obtain and maintain a valid unique identifier issued by NMLS, and transfer existing licensing information to NMLS on or after July 1, 2017. Before the Act, only mortgage lenders, mortgage originators, and money transmitters were required to register with NMLS. The Act also (1) established that licenses generally are valid for one-year terms; (2) eliminated the requirement for a State criminal history records check for mortgage lenders, check cashers, debt management services providers, and money transmitters; (3) altered application requirements and fees for certain licensees; (4) established a process for renewing or surrendering a license for certain licensees; and (5) authorized the commissioner to share information about licensees with certain State and federal regulatory officials.

Surety Bond Requirements for Licensees and Registrants

Chapter 479 of 2017 standardized surety bond requirements (except for the amounts of the bonds) for the following financial services entities required to be licensed by or registered with the commissioner or the State Collection Agency Licensing Board:

- collection agencies;
- consumer lenders;
- mortgage lenders;
- money transmitters;
- debt management services providers; and
- debt settlement services providers.

The standardized requirements relate to the issuance and cancellation of a bond, claims against a bond, and the liability of a surety. The Act also authorized certain penalties imposed against a licensee or registrant to be collected and paid from the proceeds of a bond.

Nondepository Special Fund

Chapter 341 of 2016 established the Nondepository Special Fund, which consolidated three existing special funds (the Mortgage Lender-Originator Fund, the Debt Management Services Fund, and the Money Transmission Fund). As a result, licensing and other fees received by the commissioner from mortgage lenders, mortgage originators, debt management services providers, debt settlement services providers, and money transmitters are deposited into the new fund.

Chapter 479 of 2018 expanded the Nondepository Special Fund by requiring licensing, investigation, and examination fees and assessments received by the commissioner or the State Collection Agency Licensing Board from other nondepository financial institutions (collection agencies, consumer lenders, installment lenders, sales finance companies, check cashiers, and credit services businesses) to be deposited into this fund, rather than the general fund. No changes to any licensing or other fees occurred from this change. Fines and penalties collected by the commissioner or the board are to be paid into the general fund.

Maryland Financial Consumer Protection Commission

Chapters 18 and 781 of 2017 established the Maryland Financial Consumer Protection Commission to assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act; and to provide recommendations for federal and State actions that will protect the residents of the State in financial transactions and when receiving financial services. In 2018, the General Assembly passed several bills related to the commission’s recommendations.

Chapter 790 of 2018 implemented the commission’s recommendations related to consumer lending. The Act strengthened the interest and usury laws that prohibit an unlicensed person from making a consumer loan. For a more detailed discussion of this Act and others related to the commission recommendations, see the subparts “Commercial Law – Generally” and “Commercial Law – Consumer Protection” within this part of this *Major Issues Review*.

Commercial Law – Generally

Credit Regulation

Open and Closed End Credit

A revolving “open end” credit plan is a plan in which the credit grantor permits the borrower to make multiple purchases or loans over time. The amounts are charged to the borrower’s account, and the borrower is allowed to pay the amounts charged over time. The credit grantor, in turn, may charge interest or finance charges on the amounts due under the plan. For example, a credit card is generally considered a revolving, open end credit plan.

According to the Pew Charitable Trusts, in recent years, payday loan companies have shifted toward installment lending, rather than lump-sum loans. Although Pew notes that giving consumers more time to repay in installments is a positive step, the cost can nevertheless be very high, with annual percentage rates commonly reaching 400% and higher. *Chapters 723 and 724 of 2017* limited fees and charges for unsecured open end credit plans offered by specified credit grantors, when combined with any interest charged, to an effective rate of 33% per annum simple interest.

“Closed end credit” is defined as the extension of credit to a borrower under an arrangement or agreement which is not a revolving credit plan. *Chapter 484 of 2017* established that mortgage loan estimate disclosures and mortgage closing disclosures provided by a mortgage lender to a borrower satisfy State disclosure requirements if the disclosures comply with applicable federal law. The disclosures required for some mortgages, such as reverse mortgages, were not altered under the Act and must continue to abide by State disclosure requirements.

Escrow Accounts for Water and Sewer Facilities Assessments

Water and sewer facilities assessments are also known as front foot benefit fees and are different from the quarterly water charges assessed to Maryland homeowners. When county governments installed water and sewer lines in subdivisions, they would recoup the cost of that construction through a front foot benefit charge, in addition to the property tax bill. Most counties no longer install water and sewer facilities in subdivisions and the developer of the subdivision is tasked with this responsibility instead. The developer then ensures that the cost of construction is recouped from homeowners over a period of years, similar to the previous county systems. The quarterly water bill pays for water and sewer usage but, unless a special assessment indicates otherwise, it does not cover the cost for construction of water treatment and sewer facilities.

Chapter 340 of 2018 authorized, on request of a borrower, a lending institution that makes a loan secured by a first mortgage or first deed of trust on the borrower’s residential real property to create an escrow account in connection with that loan solely for the payment of “water and sewer facilities assessments.” A servicer must make timely payment of the water and sewer facilities assessment due if the mortgagor has paid an amount sufficient to pay the assessment due and the servicer is in possession of the assessment bill. Failure to make the required timely payment

is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Mortgage Broker Finder’s Fees

A “finder’s fee” is any compensation or commission directly or indirectly imposed by a broker and paid by or on behalf of the borrower for the broker’s services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan or advance of money. A mortgage broker may charge a finder’s fee of up to 8% of the amount of the loan or advance. A mortgage broker obtaining a mortgage loan on the same property more than once in a 24-month period may charge a finder’s fee only on that part of the loan that exceeds the initial loan. This limitation does not apply to fees and charges otherwise permitted under State law or attorney’s fees, unless the attorney is functioning as a mortgage broker.

Chapters 844 and 845 of 2018 authorized a mortgage broker who obtains a mortgage loan on the same property more than once in a 24-month period to charge a finder’s fee if the fee is not in excess of 8% of the initial loan amount when combined with the finder’s fee charged on the initial loan and on any other finder’s fee collected during that 24-month period.

Debt Settlement Services

Chapters 280 and 281 of 2011 enacted the Maryland Debt Settlement Services Act to regulate the business of providing debt settlement services in the State. A debt settlement service is defined as any service or program represented, directly or by implication, to renegotiate, settle, reduce, or in any way alter the terms of payment or other terms of a debt between a consumer and one or more unsecured creditors or debt collectors, including a reduction in the balance, interest rate, or fees. The Maryland Debt Settlement Services Act (1) prohibits a person from offering, providing, or attempting to provide debt settlement services unless the person is registered with the Commissioner of Financial Regulation or exempt from registration and (2) establishes a registration process, exemptions from registration, various consumer protections including limits on the fees that may be charged for services and disclosures that must be included in a debt settlement services agreement, and penalties for violations of the Act.

Chapters 280 and 281, as amended by Chapters 276 and 277 of 2014, also required (1) each registered debt settlement services provider to report to the commissioner, on or before March 15 of each year beginning in 2012 and ending in 2015, on the debt settlement services business conducted by the registrant during the preceding calendar year and (2) the commissioner, in consultation with the Consumer Protection Division of the Office of the Attorney General, to report on or before December 1, 2015, to specified legislative committees on recommendations regarding changes to the Maryland Debt Settlement Services Act. The commissioner and division issued a report on the Maryland Debt Settlement Services Act early in 2016.

According to the report issued by the commissioner and division, as of 2015, 30 debt settlement services providers were registered with the commissioner. About 20% of the registered providers are located within the State, and the remaining 80% are foreign corporations authorized to do business in the State. From fiscal 2012 through 2015, registrants serviced an average of

2,750 Maryland consumers each year. From fiscal 2013 through 2015, the division received nine complaints from Maryland consumers relating to the practice of debt settlement services. All of the complaints alleged misrepresentation of the debt settlement services agreement and charging excessive fees; however, 89% of the complaints were filed against providers that were not registered in the State or entities that are exempt from registration. The commissioner and the division agreed that a licensing requirement was not warranted, but they disagreed as to whether a limit on debt settlement services fees should be established. The commissioner recommended against continuing the registration requirement but advised that, if registration were to continue, a registrant should not be required to continue to file an annual report.

Chapters 392 and 393 of 2016 repealed the termination date of the Maryland Debt Settlement Services Act, making the registration of debt settlement services providers a permanent requirement. The Acts did not limit debt settlement service fees or repeal the statutory requirement that a registrant file an annual report.

Maryland Antitrust Act

The Maryland Antitrust Act is designed to promote fair and honest competition, free of conspiracies, combinations, or agreements which unreasonably restrain trade or commerce. The State's antitrust laws are complementary to the federal Sherman Antitrust Act. A person whose business or property has been injured or threatened with injury by a violation of the State's antitrust provisions may maintain an action for damages, an injunction, or both against any person who committed the violation. The United States, the State, or any of the State's political subdivisions may bring an action, regardless of whether it dealt directly or indirectly with the person who violated the State's antitrust provisions. *Chapters 847 and 848 of 2018* altered the maximum civil penalty for a violation of the Maryland Antitrust Act by reducing the maximum civil penalty from \$100,000 to \$10,000 for each violation and establishing that each day that a violation continues is a separate violation.

Maryland Financial Consumer Protection Commission

Financial Consumer Protection Act of 2018

Chapters 18 and 781 of 2017 established the Maryland Financial Consumer Protection Commission (MFCPC) to (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) provide recommendations for federal and State actions that will protect the residents of the State in financial transactions and when receiving financial services. *Chapters 731 and 732 of 2018* generally implemented the recommendations in the interim report of MFCPC. For a more detailed discussion of these Acts, see the subpart "Commercial Law – Consumer Protection" within this part of this *Major Issues Report*.

Consumer Lending

In January 2018, MFCPC released an interim report recommending changes to Maryland consumer and payday lending laws. According to the report, Maryland has been at the forefront of payday lending consumer protection laws. Generally, traditional payday loans that do not exceed \$6,000 have a maximum annual percentage rate (APR) of 33%. Lending practices continue to evolve, however, and in some instances, financial institutions have found ways to subvert the law to charge interest rates that exceed the intended 33% APR for small loans. For example, many lenders are now structuring payday loans not as loans, but rather as unsecured, open end credit plans. Such changes in loan classification and structure may have been created by lenders to circumvent caps on interest rates and fees.

MFCPC recommended (1) increasing the amount considered to be a small loan and considered to be a retail installment loan, particularly as these amounts have not been increased in State law since 1975 and 1977, respectively, and (2) specifying in the consumer law that contracts would be expressly void for specified violations. Loans made under the Maryland Consumer Loan Law (MCLL) provide more protections for consumers.

Chapter 732 and Chapter 790 of 2018 established new requirements within the interest and usury sections of the Commercial Law Article for a “covered loan” that prohibit an unlicensed person from making such a loan. In addition, the Acts increased from \$6,000 to \$25,000 the threshold below which a loan is subject to small lending requirements within the MCLL and prohibited a person from lending \$25,000 or less if the person is not licensed under (or exempt from) requirements under MCLL. The Acts also (1) increased the threshold whereby retail installment sales requirements apply to all tangible personal property from a cash price of \$25,000 to a cash price of \$100,000 and (2) established that specified violations result in a loan becoming void as well as unenforceable.

False Financing Statements

A financing statement is part of the credit information that potential creditors consider when reviewing the present credit standing of the debtor. Individuals have been known to file fraudulent financing statements for the purpose of harassing another person. In particular, a growing anti-government movement known as the “sovereign citizen movement” uses fraudulent filings to take retaliatory action against the government and government officials. Although a fraudulent financing statement does not create any legal liability for the named debtor, it can impair an individual’s capacity to obtain credit. Removing a false financing statement from the public record can be costly and time consuming for the person named in the statement.

Chapter 8 of 2015 prohibited a person from causing the filing or recording of a financing statement with a filing office if the person knows that the financing statement (1) is false; (2) is not authorized to be filed or recorded under the Maryland Uniform Commercial Code; or (3) is not related to a valid existing or potential commercial or financial transaction. The Act authorized a filing office to terminate a financing statement if the filing office has reason to believe that the financing statement violates the Act’s requirements. It likewise authorized a debtor to request that

the filing office terminate a financing statement if the debtor believes the financing statement violates the Act's requirements.

Commercial Law – Consumer Protection

Financial Consumer Protection

Financial Consumer Protection Act of 2018

Maryland Consumer Protection Act: Chapters 731 and 732 of 2018 expanded the definition of “unfair and deceptive trade practices” under the Maryland Consumer Protection Act (MCPA) to include “abusive” practices. In addition, the Acts expanded MCPA to include violations of the Military Lending Act and the federal Service Members Civil Relief Act.

Debt Collection: The Acts prohibited a person from engaging in unlicensed debt collection activity in violation of the Maryland Collection Agency Licensing Act, or from engaging in any conduct that violates §§ 804 through 812 of the federal Fair Debt Collection Practices Act.

Enforcement and Penalties: The Acts increased the maximum civil penalties that may be imposed for several types of violations, as shown in **Exhibit I-1**. In general, **Chapters 731 and 732** harmonized the penalties for initial and subsequent violations and set the maximum penalty at \$10,000 for an initial violation and \$25,000 for subsequent violations.

Exhibit I-1 Maximum Civil Penalties for Violations Modified by Chapters 731 and 732

	Current Penalty		Penalty under the Acts	
	<u>Initial Violation</u>	<u>Subsequent Violation</u>	<u>Initial Violation</u>	<u>Subsequent Violation</u>
MCPA	\$1,000	\$5,000	\$10,000	\$25,000
OCFR General Enforcement	1,000	5,000	10,000	25,000
Mortgage Lenders	5,000	5,000*	10,000	25,000*
Mortgage Loan Originators	5,000	5,000*	10,000	25,000*
Check Cashers	1,000	5,000	10,000	25,000
Money Transmitters	1,000	5,000*	10,000	25,000*
Debt Management Services	1,000	1,000*	10,000	25,000*

*The maximum penalty is for each violation (rather than each subsequent violation) from which the violator failed to cease and desist or take affirmative action to correct.

MCPA: Maryland Consumer Protection Act

OCFR: Office of the Commissioner of Financial Regulation

Source: Department of Legislative Services

Similarly, the Acts increased the maximum penalty the State Collection Agency Licensing Board may impose against a licensed collection agency for a violation of a lawful order by the board. Specifically, the maximum penalty imposed for each violation cited increased from \$500 to \$10,000, and the total amount that may be imposed increased from a maximum of \$5,000 to \$25,000.

The Acts also required the Governor to include a general fund appropriation in the State budget of at least \$700,000 for the Office of the Attorney General (OAG) and \$300,000 for the Office of the Commissioner of Financial Regulation (OCFR), to be used for specified enforcement activities. In addition, the Acts required OAG and OCFR to use their authority under a specified section of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), whenever considered appropriate, to bring civil actions or other appropriate proceedings authorized under Dodd-Frank.

Student Loan Ombudsman: The Acts required OCFR to designate an individual to serve as the Student Loan Ombudsman. Each student loan servicer in the State must designate an individual to represent the student loan servicer in communications with the ombudsman.

The ombudsman (in consultation with OCFR) must receive and process complaints about student education loan servicing, including receiving and reviewing complaints from student loan borrowers; attempt to resolve complaints; and compile and analyze complaint data. In addition, the ombudsman (in consultation with OCFR) must disseminate information about student education loans and servicing by helping borrowers understand their rights and responsibilities, providing information to the public and others, and disseminating information about the ombudsman.

The ombudsman may refer any matter that is abusive, unfair, deceptive, or fraudulent to OAG for civil enforcement or criminal prosecution.

The Acts also required the ombudsman to take other specified actions and, on or before January 1 of each year, report its findings and recommendations to the General Assembly. In addition, by October 1, 2019, the ombudsman must establish a student loan education course that includes educational presentations and material about student loans.

Required Studies: The Acts required OCFR to conduct a study to assess whether the commissioner has enough statutory authority to regulate “Fintech” firms or technology driven nonbank companies who compete with traditional methods in the delivery of financial services. OCFR must report to the General Assembly by December 31, 2019, on its findings and recommendations for legislative proposals to regulate Fintech firms.

The Acts also required MFCPC to study:

- cryptocurrencies, initial coin offerings, cryptocurrency exchanges, and other blockchain technologies;

- the Consumer Financial Protection Bureau arbitration rule and the Model Consumer and Employee Justice Enforcement Act;
- the possible exemption of retailers of manufactured homes from the definition of “mortgage originator” in federal law; and
- the U.S. Department of Labor rule and actions of the U.S. Securities and Exchange Commission in addressing conflicts of interest in broker-dealers offering investment advice by aligning the standard of care for broker-dealers with that of the fiduciary duty of investment advisors.

MFCPC must include related recommendations in its 2018 report to the Governor and the General Assembly.

Consumer Lending: *Chapter 732* and *Chapter 790 of 2018* implemented several recommendations made by MFCPC that relate to consumer lending. For a more detailed discussion of these Acts, see the subpart “Commercial Law – Generally” within this Part I.

Consumer Reporting Agencies

According to OCFR, in September 2017, Equifax, one of the largest consumer reporting agencies (CRAs), disclosed that its security systems had been breached and that consumer credit information was improperly accessed. Approximately 143 million people, including nearly 3 million Maryland residents, were affected by the breach. OCFR notes that, in the aftermath of the breach, many Maryland residents were unable to exercise their rights under State law in a timely manner.

Regulation: *Chapter 480 of 2018* expanded regulation of CRAs under the Maryland Credit Reporting Agencies Act (MCRAA). The Act codified an existing regulatory requirement that CRAs must register with OCFR; established a process for receiving and investigating complaints about CRAs; imposed a surety bond requirement on CRAs; and allowed OCFR to recoup investigation costs. The Act also increased the maximum civil monetary penalty to \$1,000 for the first violation of MCRAA and \$2,500 for each subsequent violation of MCRAA and authorized the imposition of a civil penalty instead of or in addition to any other action that may be taken.

Security Freezes: State law defines a “security freeze” as a restriction placed on a consumer’s consumer report at the request of the consumer that prohibits a CRA from releasing the report, or any information derived from the report, without the authorization of the consumer. A consumer reporting agency may charge a reasonable fee (of up to \$5) for each placement, temporary lift, or removal of a security freeze. A consumer reporting agency may not charge a fee for a security freeze to a consumer who has obtained a report of alleged identity fraud or for a minor younger than age 16 for whom a consumer report already exists. In addition, a consumer reporting agency may not charge a fee for a placement of a security freeze if the consumer has not previously requested one.

State law also allows a protected consumer’s representative to request a security freeze. A “protected consumer” is an individual younger than age 16 at the time a security freeze request is made, or an incapacitated or protected person for whom a guardian or conservator has been appointed.

Chapter 480 required CRAs to develop secure connections to process electronic requests for placing, lifting, or removing a security freeze and expands the definition of a “protected consumer” to include the elderly (age 85 or older), specified members of the military, and incarcerated persons. Additionally, *Chapters 676 and 677 of 2018* and *Chapter 732* prohibited a CRA from charging a consumer or a protected consumer’s representative a fee for a placement, removal, or temporary lift of a security freeze.

Maryland Personal Information Protection Act

Chapter 518 of 2017 expanded the Maryland Personal Information Protection Act (MPIPA) to impose additional duties on a business to protect an individual’s personal information, including requiring a business to take reasonable steps to protect the information of employees or former employees when a business is destroying records that contain personal information.

The Act altered the definition of “encrypted” to mean the protection of data in electronic or optical form using an encryption technology that renders the data indecipherable without an associated cryptographic key necessary to enable decryption of the data. The Act also defined “health information” as any information created by an entity covered by the federal Health Insurance Portability and Accountability Act of 1996 regarding an individual’s medical history, medical condition, or medical treatment or diagnosis.

The Act expanded the definition of “personal information” to encompass the following data elements: (1) a passport number or other identification number issued by the federal government; (2) a State identification card number; (3) health information, including information about an individual’s mental health; (4) a health insurance policy or certificate number or health insurance subscriber identification number in combination with a unique identifier issued by an insurer or an employer that is self-insured that permits access to an individual’s health information; and (5) specified biometric data (including data generated by automatic measurements of biological characteristics) of an individual that can be used to uniquely authenticate an individual’s identity, as specified. The Act also expanded personal information to include a user name or email address in combination with a password or security question and answer that permits access to an individual’s email or financial account.

The Act required a business to take certain actions in the event that an individual’s personal information is compromised and the compromise permits access by another to the individual’s email account. A violation of the Act’s provisions is an unfair or deceptive trade practice under MCPA, subject to MCPA’s civil and criminal penalty provisions.

Unfair or Deceptive Trade Practices

Caller ID Spoofing

Under the Truth in Caller ID Act, the Federal Communications Commission (FCC) rules prohibit any person or entity from transmitting misleading or inaccurate caller ID information with the intent to defraud, cause harm, or wrongfully obtain anything of value. *Chapter 515 of 2018* prohibited an individual or person from performing caller ID spoofing when contacting another individual in the State with the intent to defraud, harass, cause harm to, or wrongfully obtain something of value from another. The Act defined “caller ID spoofing” as the practice of using an application or other technology in connection with a communications service, including a telecommunications, broadband, or interconnected Voice over Internet Protocol service, to knowingly cause a caller identification service to transmit false or misleading caller identification information to an individual receiving a call. Violation of the Act is an unfair or deceptive trade practice under MCPA and is subject to MCPA’s civil and criminal penalty provisions.

Mug Shot Websites

Mug shots of arrested individuals are widely and freely available from State and local law enforcement agencies. For-profit “mug shot websites” gather mug shots from law enforcement agencies and publish them on their sites. The websites claim to provide the mug shots as a public service; the public can easily investigate and become aware of individuals in their communities who have been accused of engaging in criminal conduct. However, these sites often charge a fee to remove an individual’s mug shot from the site – a practice that many critics claim constitutes extortion, particularly when the mug shot relates to a relatively minor charge or a charge that was later dropped or expunged. These fees can range from \$30 to \$400 and vary from site to site.

Chapter 453 of 2015 applied to operators of websites that charge a fee for the removal of an arrest or detention photograph or digital image. The Act authorized an individual to request an operator of a website to remove the individual’s photograph or digital image from the operator’s website free of charge if (1) the photograph or digital image was taken during the arrest or detention of the individual for a criminal or traffic charge or for a suspected violation of a criminal or traffic law and (2) the court record or police record that contained the photograph or digital image was expunged, shielded or otherwise removed from public inspection, or the resulting judgment was vacated. The Act established procedures for the individual to make the request and for the website operator to remove the photograph or digital image. Violation of the Act is an unfair or deceptive trade practice under MCPA and is subject to MCPA’s civil and criminal penalty provisions.

Nondisparagement Clauses in Consumer Contracts

“Nondisparagement clauses” in terms of service or in other provisions of consumer contracts are intended to prevent a customer from leaving a critical review, especially in an online forum or online review site such as www.amazon.com. *Chapter 96 of 2016* prohibited a contract or a proposed contract for the sale or lease of consumer goods or services from including a

provision waiving the consumer’s right to make any statement concerning (1) the seller or lessor; (2) employees or agents of the seller or lessor; or (3) the consumer goods or services themselves.

A person may not seek enforcement of specified contract provisions, threaten reprisals, or penalize a consumer for making any statement protected under the Act. In addition, a waiver of any provision of the Act is contrary to public policy and is void and unenforceable. The Act clarifies that it is not intended to prohibit or limit a person (1) that hosts online consumer reviews or comments from removing a statement that is otherwise lawful to remove; (2) from including in a contract or a proposed contract for the sale or lease of consumer goods or services a provision prohibiting a consumer from disclosing proprietary information, techniques, or processes; or (3) from bringing an action alleging defamation.

Violation of the Act is an unfair and deceptive trade practice under MCPA and is subject to MCPA’s civil and criminal penalty provisions.

Ticket Website Domain Names

A “ticket website” is a website advertising or offering the sale or resale of tickets. It also includes a website facilitating a secondary ticket exchange or electronic marketplace that enables consumers to sell, purchase, and resell tickets to an entertainment event in the State. In recent years, ticket resellers have been criticized for misleading consumers by claiming, among other things, to be official ticket sellers. As a result, consumers have sometimes overpaid for tickets.

Chapter 825 and 826 of 2018 prohibited a person who owns, operates, or controls a ticket website from using in the Uniform Resource Locator (URL) a “lower-level domain name” that contains, or is substantially similar to the venue name or the event name, including the name of an individual or a group performing or appearing at the event. The Acts do not apply to a person who is acting on behalf of a venue. Violation of the Acts is an unfair or deceptive trade practice under MCPA and is subject to MCPA’s civil and criminal penalty provisions.

Internet Service Providers

In 2016, the FCC adopted rules that required broadband Internet service providers (ISPs) to protect the privacy of their customers. According to the FCC, the rules established a framework of customer consent required for ISPs to use, sell, and share their customers’ personal information. The rules included guidance for both ISPs and customers about the transparency, choice, and security requirements for customers’ personal information. The rules were originally scheduled to take effect in 2017. However, in early 2017, the U.S. Congress approved a resolution of disapproval nullifying the FCC rules. The President signed the resolution on April 3, 2017.

State law does not generally regulate Internet privacy. *Senate Bill 1200 of 2017 (failed)* would have prohibited an ISP from selling or transferring (for marketing purposes) a consumer’s personally identifying information to a person without the consumer’s express and affirmative permission. The bill would have also prohibited an ISP from sending or displaying to a consumer an advertisement that has been selected to be sent or displayed (directly and exclusively by the ISP) because of the consumer’s browsing history without the consumer’s express and affirmative

permission. Additionally, *House Bill 1654 of 2018 (failed)* would have established requirements related to Internet privacy in the State, including (1) the use, disclosure, sale, or provision of consumer data; (2) the protection of consumer data; and (3) enforcement of the bill's requirements by the Consumer Protection Division in OAG. The bill also would have prohibited the use of State funds to procure services from an ISP that blocks specified content, impairs or degrades lawful Internet traffic, or engages in commercial traffic preferencing.

Other Consumer Protection Issues

Asset Recovery for Exploited Seniors

Chapter 114 of 2016 authorized the Division of Consumer Protection in OAG to bring a civil action for damages against a person who violates the State's prohibitions on exploitation of a vulnerable adult on behalf of a victim of the offense or, if the victim is deceased, the victim's estate. *Chapter 794 of 2018* extended this authority to the Securities Commissioner of the Division of Securities of OAG. Under *Chapter 794*, the commissioner may recover damages for property loss or damage. If the commissioner prevails in an action brought under the provisions of *Chapter 794*, the commissioner may recover the costs of the action for the use of OAG. A conviction for the criminal offense is not a prerequisite for maintenance of an action under *Chapter 794*.

Door-to-door Sales

A "door-to-door sale" is, with certain exceptions, a sale, lease, or rental of consumer goods or consumer services under one or more contracts with a purchase price of at least \$25 in which (1) the seller or seller's representative personally solicits the sale, including a solicitation in response to or following an invitation by the buyer and (2) the buyer's agreement or offer to purchase is made at a place other than the seller's place of business.

If the seller violates any provisions on door-to-door sales, the buyer may cancel the door-to-door sale by notifying the seller of the buyer's intention to cancel in any manner and by any means. *Chapter 485 of 2016* extended the time period in which a buyer in a door-to-door sales transaction for a home improvement contract may cancel the transaction – from three to five days generally and from three to seven days if the buyer is age 65 or older. The Act also specified the manner in which the seller of a home improvement contract must notify the buyer of the right to cancel a transaction. The Act required a home improvement contract seller to obtain the signature of a buyer that acknowledges the buyer's right to cancel a transaction within a specified period.

Corporations and Associations

Duties of Directors

Maryland law requires the business and affairs of a corporation to be managed under the direction of a board of directors. Generally, a director of a corporation who performs his or her duties in accordance with certain statutory requirements is immune from liability by reason of

being or having been a director. In *Shenker v. Laureate Education, Inc.*, 411 Md. 317 (2009), however, the Court of Appeals held that, at least in certain situations, common law duties also govern the actions of a corporate director. The court held that when corporate directors exercise certain nonmanagerial duties, such as negotiating the price that shareholders will receive for their shares in a cash-merger, they owe their shareholders common law duties of candor and good faith efforts to maximize shareholder value. Moreover, *Shenker* authorized shareholders to bring direct claims for a breach of those fiduciary duties.

Chapters 170 and 171 of 2016 altered the duties and clarified the immunity from liability of a director of a corporation or a trustee of a real estate investment trust (REIT). Except as otherwise specified in the declaration of trust of a REIT, the Acts also extended the duties and immunity from liability of a director of a corporation to a trustee of a REIT. The Acts explicitly overrode portions of the *Shenker* decision, providing that all business and affairs of a corporation, whether or not in the ordinary course, must be managed by or under the direction of a board of directors. The Acts established that the statutory duties of a director are the sole source of duties of a director to the corporation or the stockholders of the corporation, whether or not a decision has been made to enter into an acquisition or potential acquisition of control of the corporation or enter into any other transaction involving the corporation. These statutory duties apply to any act of a director, including an act as a member of a committee of the board of directors.

Chapters 170 and 171 also repealed a provision establishing that the duties of a director are enforceable only by the corporation or in the right of the corporation. In doing so, the Acts preserved stockholders' rights under the *Shenker* decision to sue corporate directors directly rather than derivatively.

Corporate Filings

Fraudulent Recordings

State law prohibits entity names from containing language stating or implying that the entity is organized for a purpose other than that allowed by the entity's (1) articles of incorporation, if the entity is a corporation; (2) articles of organization, if the entity is a limited liability company; (3) certificate of limited liability partnership, if the entity is a limited liability partnership; (4) certificate of limited partnership, if the entity is a limited liability limited partnership; or (5) articles of incorporation, if the entity is a professional corporation. **Chapter 653 of 2016** addressed the issue of the fraudulent recordation of business names with the State Department of Assessments and Taxation (SDAT).

Chapter 653 prohibited a person from causing to be recorded a governing document or charter document of an entity that (1) the person knows is not authorized by at least one individual whose name is included in the entity name or (2) does not otherwise conform to State law. The Act established a process by which a person who believes that a governing document or charter document was recorded in violation of this prohibition may submit an affidavit to SDAT stating the factual basis for the person's belief and, under specified circumstances, have SDAT void the governing document or charter document.

Article of Transfer – Repeal

In general, a Maryland corporation that transfers “all or substantially all” of its assets must obtain the approval of its stockholders. Before 2018, the corporation was also required to file articles of transfer with SDAT. *Chapter 720 of 2018* repealed provisions of law requiring the execution and filing of articles of transfer and made additional conforming changes. The Act allowed the transfer of assets and the liability of a successor for the debts and obligations of a transferor to be governed by an agreement between the transferor and the successor, rather than by articles of transfer. The Act also specified that, unless the charter or bylaws of a corporation provide otherwise, stockholder approval is not required for the transfer of assets by a corporation that is dissolved.

Return of Original Documents

Business entities are required to file specified documents with SDAT including: articles of incorporation; articles of amendment; articles of extension; articles of restatement of charter; articles of amendment and restatement; articles supplementary; articles of share exchange; articles of consolidation, merger, or transfer; articles of dissolution; articles of revival for stock corporation; articles of revival for nonstock corporation; articles of conversion; and articles of dissolution. These entities are required to pay a \$100 nonrefundable processing fee for the specified documents. In addition, a \$5 nonrefundable processing fee was required to be paid for the return of an original document.

In 2005, SDAT began scanning documents that were submitted to the department for processing and making the scanned documents available for free on the department’s website. SDAT advised that a document downloaded from the website has the same legal effect as an original document, which mitigated the need for SDAT to return original documents. Accordingly, *Chapter 44 of 2018* repealed the requirement that persons filing specified documents with SDAT pay a \$5 nonrefundable processing fee to have an original document returned to them.

Consolidations, Mergers, and Conversions

Formation of a Holding Company by Merger

Chapters 358 and 359 of 2017 established a simplified process for the formation of a holding company through the merger of a Maryland parent corporation with or into a direct or indirect wholly owned subsidiary corporation of the Maryland parent corporation. Under the Acts, a vote of the stockholders of the parent corporation generally is not necessary to authorize a merger with or into a single subsidiary of the parent corporation if the parent corporation and the subsidiary are the only parties to the merger, a majority of the entire board of directors of the parent corporation approves the merger, and the other conditions specified in the Acts are met.

The Acts established the effects of a merger, including its impact on certain rights of the stockholders of the holding company resulting from the merger and the applicability to the holding company of certain voting trusts, proxies, and other agreements of the parent corporation.

Finally, the Acts specified that a merger of a parent REIT with or into a single subsidiary REIT may be approved in the manner specified for corporations, providing the merger otherwise conforms to statutory requirements.

Nonstock Corporations

A nonstock corporation may consolidate or merge only with another nonstock corporation. A consolidation, merger, or transfer of assets of a nonstock corporation must be completed in accordance with requirements under Title 3 of the Corporations and Associations Article. Except as specified, a proposed consolidation, merger, or transfer of assets of a nonstock corporation organized to hold title to property for a labor organization, and for related purposes, must be approved by the same affirmative vote of the members of the corporation that the constitution or bylaws of the labor organization requires for the same action. *Chapter 674 of 2017* authorized domestic nonstock corporations to convert into foreign nonstock corporations but did not specifically authorize foreign nonstock corporations to convert into domestic nonstock corporations. In the following session, *Chapter 100 of 2018* established that (1) a Maryland nonstock corporation may convert only into a foreign corporation that does not have authority to issue stock; (2) a foreign corporation that does not have authority to issue stock may convert into a Maryland nonstock corporation; and (3) a foreign corporation that does not have authority to issue stock may not convert into a Maryland corporation that has authority to issue stock.

Merger Agreements and Consent to Action

In addition to making other miscellaneous changes to Maryland's corporation and REIT laws, *Chapter 256 of 2015* altered the circumstances under which the merger of a subject corporation (a corporation or REIT that is the subject of a tender or exchange offer) with or into an acquiring entity may be effected. Changes included:

- requiring the agreement to merge to expressly allow or require the merger to be effected under specified provisions of law;
- requiring that, following consummation of the tender or exchange offer, the stock that is irrevocably accepted for purchase or exchange and received by a specified depository before the offer's expiration, together with the stock otherwise owned by specified entities, equals at least the percentage of shares and each class or series of shares of the subject corporation that would be required to approve the merger; and
- authorizing a tender or exchange offer to exclude stock of the subject corporation that is owned at the commencement of the offer by (1) the acquiring entity; (2) a person that owns all of the outstanding equity interest in the acquiring entity; or (3) a direct or indirect wholly owned subsidiary of a person described in item (1) or (2).

Chapter 256 also allowed an individual, whether or not the individual is then a director, to assent to an action by directors by a consent that will be effective up to 60 days after delivery of the consent to the corporation or its agent. The effective time of a consent may include a time

determined on the happening of an event that occurs up to 60 days after the consent is delivered. A consent is deemed to have been given at the effective time if the individual is a director at that time and did not revoke the consent before then. A consent is revocable before the effective time unless otherwise provided in the consent. By allowing individuals to prospectively consent to director actions, the Act was intended to facilitate transactions in which consents and other closing documents are executed in advance and delivered in escrow. The Act also allowed a person, whether or not the person is then a stockholder, to assent to an informal stockholder action by a consent that will be effective up to 60 days after delivery of the consent to the corporation or its agent. The effective time of a consent may include a time determined on the happening of an event that occurs up to 60 days after the consent is delivered. A consent is deemed to have been given at the effective time if the person is a stockholder at that time and did not revoke the consent before then. A consent is revocable before the effective time unless otherwise specified in the consent.

Adjudicating Corporate Claims

Chapter 674 of 2017 established jurisdictional rules for adjudicating internal corporate claims and prohibited a Maryland corporation with capital stock from imposing liability on a stockholder who is party to an internal corporate claim for attorney's fees or other expenses of the corporation or any other party in connection with an internal corporate claim. An "internal corporate claim" was defined under the Act to mean a claim, including a claim brought by or in the right of a corporation (1) based on an alleged breach by a director, an officer, or a stockholder of a duty owed to the corporation or its stockholders or a standard of conduct applicable to directors; (2) arising under the Corporations and Associations Article; or (3) arising under the charter or bylaws of the corporation. The Act also (1) established a fee of \$20 for the expedited processing of certified lists of charter documents and certain certificates and (2) altered various provisions of the General Corporation Law relating to the execution of certain charter documents; the certification of beneficial owners of stock; the forfeiture of a corporate charter; the consolidation or conversion of a nonstock corporation; and the qualifications of resident agents of corporations, limited partnerships, and statutory trusts.

Quantity and Resignations of Resident Agents

Corporations, limited liability partnerships, limited partnerships, and statutory trusts are required to have a principal office in this State and at least one resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

Limited liability companies and foreign corporations, in addition to other requirements, are required to have a resident agent. To resign, a resident agent must submit a signed copy of the resignation to SDAT. A resident agent's resignation is effective (1) if the entity has more than one resident agent, at the time the resignation is filed with SDAT or (2) if the entity has only one resident agent, 10 days after the resignation is filed with SDAT.

Chapter 101 of 2018 required corporations, limited liability partnerships, limited partnerships, and statutory trusts to have a resident agent, rather than at least one resident agent. The Act also altered the effective date of a resident agent’s resignation for these entities as well as for limited liability corporations and foreign corporations to reflect these entities having only one resident agent.

The Act established that, for specified entities, a resident agent’s resignation is effective (1) if the entity has appointed a successor at the time the resignation is filed with SDAT or (2) if the entity has not appointed a successor, 10 days after the resignation is filed with SDAT.

Professional Corporations

Under the Maryland Professional Service Corporation Act (MPSCA), “professional corporation” means a corporation organized to render professional services. The MPSCA requires that the name of a professional corporation contain the surname of one or more of the corporation’s stockholders unless (1) the name of the corporation is approved by the appropriate licensing unit; (2) the licensing unit issues a certificate of authorization for use of the corporate name to the corporation or its incorporator; and (3) the certificate of authorization is attached to the articles of incorporation document in which the name is adopted.

Chapter 399 of 2009 exempted professional corporations in which a majority of the stockholders are physicians from MPSCA’s requirements for corporate name approval. *Chapter 335 of 2016* extended this exemption to professional corporations in which a majority of the stockholders are individuals who are licensed, certified, or otherwise authorized to practice a health occupation under the Health Occupations Article. The Act, however, excluded from this exemption a professional corporation in which a majority of the stakeholders are licensed dentists.

Vulnerable Adults under the Maryland Securities Act

Exploitation of a vulnerable adult is a criminal offense in Maryland under § 8-801 of the Criminal Law Article. A person may not knowingly and willfully obtain by deception, intimidation, or undue influence, the property of an individual that the person knows or reasonably should know is at least age 68 or is a vulnerable adult with the intent to deprive the vulnerable adult of the vulnerable adult’s property. Penalties for the offense vary based on the value of the property.

The Office of Attorney General Division of Consumer Protection is authorized under Maryland law to bring a civil action for damages against a person who violates the State’s prohibitions on exploitation of a vulnerable adult on behalf of a victim of the offense or, if the victim is deceased, the victim’s estate.

Chapters 837 and 838 of 2017 expanded the Maryland Securities Act (MSA) to regulate federal exempt broker-dealers under specified circumstances and prohibit specified business practices under the MSA. The Acts imposed mandatory reporting requirements for certain individuals who suspect a vulnerable adult is the subject of financial exploitation. The Acts

authorized specified broker-dealers or investment advisors to impose a delay on disbursements from an account of an eligible adult if financial exploitation is suspected, and provided qualified immunity for those individuals under specified circumstances. The Acts defined an “eligible adult” as an individual who resides in the State and is at least 65 years old or a vulnerable adult. The Acts also established the Securities Act Registration Fund, administered by the Securities Commissioner, to help fund the costs of administering and enforcing MSA.

Part J Health and Human Services

Public Health – Generally

Medicaid

As shown in **Exhibit J-1**, funding for Medicaid provider reimbursements, including behavioral health and the Maryland Children’s Health Program (MCHP), increased by just under \$1.9 billion, 19.7%, between fiscal 2015 (the last full fiscal year of the prior term) and the fiscal 2019 legislative appropriation. Although federal funds account for just over 70% of the total fund growth, general fund and federal fund percentage growth over the period is almost the same. Reliance on special funds declines, primarily due to a drop in revenues from the Medicaid Deficit Assessment of \$55.5 million.

Exhibit J-1 Medicaid Provider Reimbursement Funding Fiscal 2015-2019 (\$ in Millions)

	<u>2015</u>	<u>2019 LA</u>	<u>\$ Change 2015-2019 LA</u>	<u>% Change 2015-2019 LA</u>
General Funds	\$2,765.3	\$3,400.1	\$634.8	23.0%
Special Funds	1,031.1	950.0	-81.1	-7.9%
Federal Funds	5,736.7	7,059.3	1,322.6	23.1%
Total	\$9,533.1	\$11,409.4	\$1,876.3	19.7%

LA: Legislative Appropriation

Note: Funding for Medicaid and Maryland Children’s Health Program provider reimbursement programs only. Fiscal 2019 data assumes funding of nursing and home and home- and community-based services with a 3% provider rate increase compared to the 1% actually provided for in the budget, amounting to an additional \$35.2 million. This increase relies on the use of \$17.2 million of general funds originally intended for the Rainy Day Fund that is restricted for the purpose of providing the rate increase. Fiscal 2019 data also assumes the achievement of \$138.2 million in savings from four cost containment actions: \$107.4 million from a data matching initiative to ensure that Medicaid enrollees are actually eligible for the program; \$25.6 million by eliminating reimbursement for more expensive drug screening services that have not been shown to be more effective than cheaper alternatives; \$4.0 million from automatically assigning new enrollees in a managed care organization; and \$1.2 million as a result of limiting payment for hospital observations to 24 hours.

Source: Department of Legislative Services

Just over half of the growth in the Medicaid budget between fiscal 2015 and the 2019 legislative appropriation (51.1%, \$960.1 million) is due to the increase in expenditures on adults who became eligible for Medicaid under the Affordable Care Act (ACA) effective January 1, 2014. Maryland is 1 of 32 states, together with the District of Columbia, that have chosen to expand Medicaid under the ACA. As of April 2018, over 312,000 adults were enrolled in this eligibility category.

Initially, all of the expenses related to the ACA expansion was borne by the federal government. However, beginning in fiscal 2017, the State began to share in those costs. By fiscal 2021 the State responsibility will be 10%, currently the maximum cost-sharing requirement for this population, though still considerably lower than the State's regular Medicaid matching requirement of 50%. In fiscal 2019 the State responsibility is 6.5% of total expenditures, \$187.3 million. State general fund spending on the ACA expansion population represents 29.5% of the total increase in general fund expenditures between fiscal 2015 and the 2019 legislative appropriation.

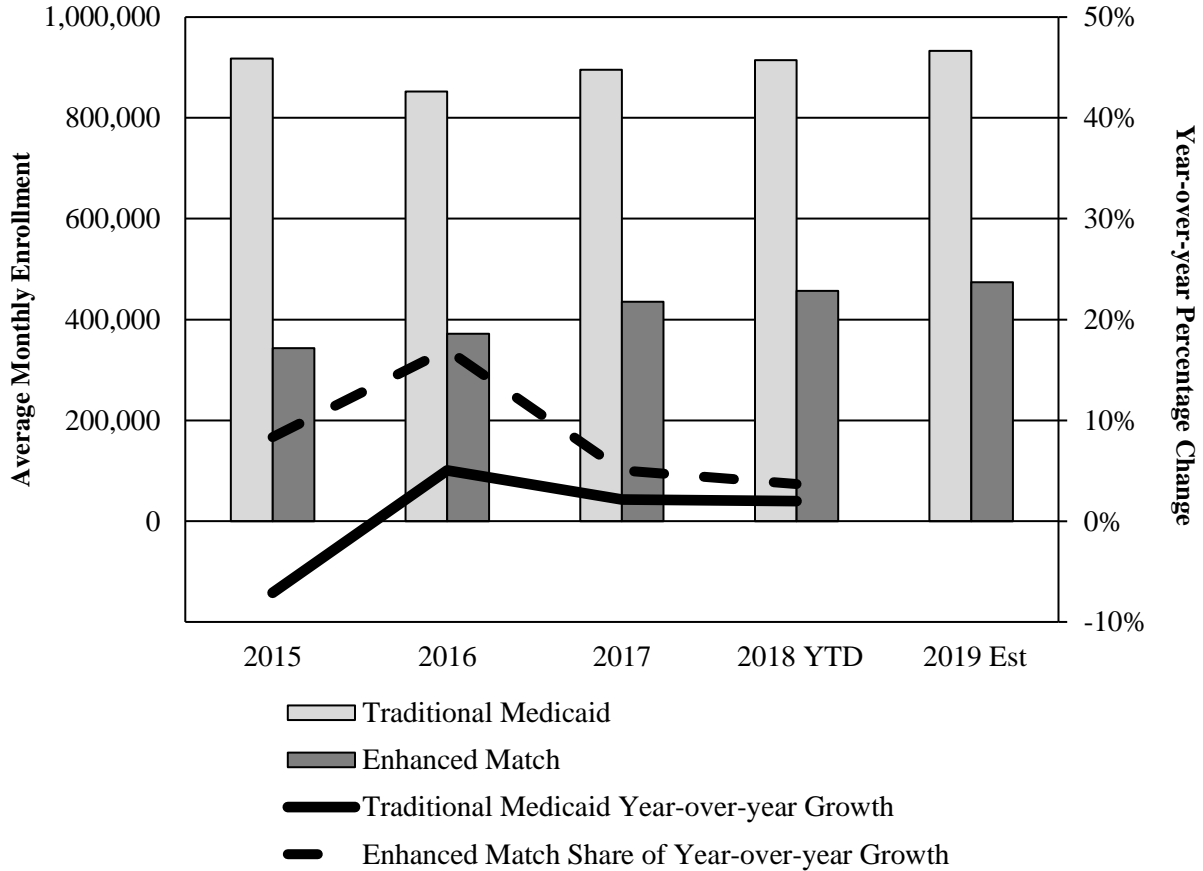
The other significant driver of growth in the Medicaid budget between fiscal 2015 and the 2019 legislative appropriation is provider rates. Ironically, in the fiscal 2016 budget, most discretionary provider rates were reduced to fiscal 2014 levels. Additionally, managed care organization calendar 2015 rates were, initially reduced by 9.5% before being subsequently adjusted upward. However, in fiscal 2017 through 2019, rates for all providers increased.

Outside of the ACA expansion population, enrollment growth has not been not a major factor in increased Medicaid expenditures. Overall, the program has grown from just over 1.26 million to just under 1.41 million between fiscal 2015 and the fiscal 2019 estimate, 145,000 or 11.5%. However, of this total growth, 103,000 or 71%, has been in the ACA expansion category. Additionally, if enrollees in MCHP are also taken into consideration, for whom the State has been receiving a federal match of 88% from the second quarter of fiscal 2016 through 2019 rather than the traditional 65% match, 131,000 or 89.7%, of total growth is in eligibility categories for which the State receives an enhanced federal match. As a result, enrollment growth has had an even more limited impact on general fund growth in the past several years.

That being said, as shown in **Exhibit J-2**, enrollment between fiscal 2015 and 2019 estimated enrollment did fluctuate significantly. Between fiscal 2015 and 2016 total enrollment fell by 2.9% as a result of the transition to the new Exchange eligibility system. The budgetary impact of this drop on the general fund was even more pronounced given that there was a 7.1% drop in the traditional Medicaid population (excluding the ACA expansion and MCHP enrollees) while the ACA expansion population grew by 7.6% and MCHP enrollment by 9.7%.

Enrollment rebounded in fiscal 2017 and appears to have stabilized at a relatively low level of growth. Enrollment growth in the traditional Medicaid population remains much slower than that of the eligibility groups for which the State receives an enhanced federal match (ACA expansion and MCHP), again reducing pressure on State funds.

**Exhibit J-2
Medicaid Average Monthly Enrollment
Fiscal 2015-2019 Estimate
Various Data**



YTD: year to date

Note: Fiscal 2018 year-to-date enrollment is through April 2018. Fiscal 2019 enrollment estimate is by the Department of Legislative Services.

Source: Department of Legislative Services

Two other program trends that have impacted Medicaid spending growth between fiscal 2015 and the 2019 legislative appropriation are worth noting:

- An increase in the utilization of substance use disorder (SUD) services due to a combination of factors including the transfer of SUD services from managed care to fee-for-service; the growth in the ACA expansion population which disproportionately uses SUD services; and the growing opioid crisis.

- The growth in the Medicare Part D clawback payment from \$128.5 million in general funds in fiscal 2015 to \$182.6 million in general funds in the fiscal 2019 legislative appropriation. Medicare Part D prescription drug coverage was first offered January 1, 2006. States contribute to the funding of this program through the clawback (more formally the “phased-down State contribution”) which is intended to represent the expenditures of State funds that would have been made for outpatient prescription drugs through Medicaid on behalf of dually eligible individuals.

Legislation

Medicaid is required, subject to the limitations of the State budget and as permitted by federal law, to provide comprehensive medical care and other health care services for former foster care adolescents who, on their eighteenth birthday, were in foster care in Maryland. Dental coverage for children in Medicaid and MCHP is mandatory. However, dental coverage for adults is an optional service and few adults in Maryland are covered under Medicaid. *Chapters 57 and 58 of 2016* authorized Medicaid to provide dental care for former foster care adolescents who were in foster care in Maryland on their eighteenth birthday.

Several pieces of legislation passed in 2018 required the Maryland Department of Health (MDH) to apply for or amend various demonstrations or waivers. *Chapter 621 of 2018* required MDH, by September 1, 2018, to apply to the federal Centers for Medicare and Medicaid Services for an amendment to the State’s § 1115 HealthChoice Demonstration Waiver to implement a pilot program to provide limited dental coverage for adult Medicaid recipients. MDH must meet with interested stakeholders to obtain input on the design of the waiver application. *Chapters 464 and 465 of 2018* required MDH to apply for a State Plan Amendment to expand the Medicaid Family Planning Waiver Program. By October 1, 2020, MDH, in collaboration with the Maryland Health Benefit Exchange, must establish a presumptive eligibility process for the program and integrate the eligibility and enrollment process into the Maryland Health Connection. Medicaid and MCHP must provide coverage to an enrollee for a single dispensing of a 12-month supply of prescription contraceptives. *Chapters 446 and 447 of 2018* required MDH to establish a demonstration program to cover health care services not covered by Medicaid that are provided to individuals who (1) are 21 to 64 years of age; (2) are enrolled in the Employed Individuals with Disabilities Program; and (3) have a qualifying condition as determined by the Secretary of Health.

Behavioral Health

Chapter 460 of 2014 merged the Alcohol and Drug Abuse Administration (ADAA) and Mental Hygiene Administration (MHA) into the Behavioral Health Administration (BHA). *Chapter 469 of 2015* made numerous changes to the powers, duties, and responsibilities of BHA:

- Requiring the Secretary of Health to provide facilities for the care and treatment of individuals with mental disorders and requiring BHA to (1) supervise the custody, care, and treatment of individuals in State facilities with mental disorders; (2) oversee community-based services for people with behavioral health disorders; and (3) establish

programs for research and development of care and treatment for individuals with behavioral health disorders;

- requiring the Secretary of Health to adopt regulations to administer mental and behavioral health law and authorizing the Secretary to set reasonable fees for the issuance and renewal of licenses;
- prohibiting otherwise-qualified individuals with behavioral health disorders from being subjected to discrimination by, or denied services of, any public or private hospital or community-based treatment program solely because of the individual’s status as an individual with a behavioral health disorder;
- requiring that a behavioral health program be licensed before providing services in the State, but authorizing the Secretary of Health to exempt certain persons from the licensure requirements;
- requiring that halfway houses be licensed and including provisions regarding zoning as it relates to the location of halfway houses; and
- giving local behavioral health authorities the same authority as core service agencies, to plan, manage, and monitor publicly funded mental health services.

The integration of ADAA and MHA was furthered by *Chapter 328 of 2015*, which repealed the Maryland Advisory Council on Mental Hygiene and the State Drug and Alcohol Abuse Council and replaced the councils with the Behavioral Health Advisory Council in the Office of the Governor. The advisory council was tasked with promoting and advocating for the enhancement of behavioral health services across the State for individuals who have behavioral health disorders and their family members.

Maryland Behavioral Health Crisis Response System

Chapter 371 of 2002 established the Maryland Mental Health Crisis Response System (Crisis Response System) contingent on the receipt of federal funding or funding from any other private or public source. *Chapter 416 of 2015* repealed the funding contingency, changed the name of the system to the Maryland Behavioral Health Crisis Response System, and altered the duties of the Crisis Response System. The Crisis Response System is required to include crisis communications centers in each jurisdiction. *Chapter 416* also (1) altered the program and services that may be provided through the crisis communications centers; (2) authorized programs included clinical crisis walk-in services, 24-hour holding beds, emergency psychiatric services, and expanded capacity for assertive community treatment; and (3) required the Crisis Response System to include an evaluation of outcomes of services through annual data collection on the number of behavioral health calls received by police, attempted and completed suicides, and other statistics.

Chapters 405 and 406 of 2016 required the Behavioral Health Advisory Council, in consultation with local core service agencies, community behavioral health providers, and interested stakeholders, to develop a strategic plan for ensuring that clinical crisis walk-in services and mobile crisis teams are available statewide and operating 24 hours a day and 7 days a week. The Acts specified requirements for the strategic plan and required the council to submit (1) an update on the development of the strategic plan in its 2016 annual report and (2) the strategic plan in its 2017 annual report.

Consent to Treatment

Chapter 578 of 2017 specified that a parent or guardian of a minor may apply, on behalf of the minor, for the minor's admission to a certified intensive outpatient alcohol and drug abuse program and that the capacity of a minor to consent to treatment for drug abuse or alcoholism does not include the capacity to refuse treatment in an intensive outpatient alcohol or drug abuse treatment program.

Outpatient Civil Commitment

In November 2016, MDH proposed regulations that would have implemented an outpatient civil commitment (OCC) pilot program in Baltimore City. However, in its legal analysis of the proposed regulations, the Department of Legislative Services noted a potential legal issue of concern relating to the statutory authority for MDH to implement the specific program through regulations. *Chapters 576 and 577 of 2017* authorized BHA within MDH to establish an OCC pilot program to allow for the release of an individual who is involuntarily admitted for inpatient treatment under specified provisions of the Health-General Article on condition of the individual's admission into the pilot program. By December 1 of each year the pilot program is in existence, BHA must submit a report that includes information on admissions, costs, treatment, and any other information that may be useful in determining whether a permanent OCC process should be established.

Voluntary and Involuntary Admissions to Facilities

Chapter 682 of 2018 required a health care provider to disclose legal and medical records (including mental health records) without the authorization of an individual to a public defender who states in writing that the Office of the Public Defender (OPD) represents the individual in an involuntary admission or release proceeding under the Health-General Article or a commitment or release proceeding under the Criminal Procedure Article. The Act also required facilities to notify OPD about the admission of an emergency evaluatee or a change in admission status. *Chapters 729 and 730 of 2018* prohibited a hearing officer from ordering the release of an individual who meets the requirements for involuntary admission on the grounds that the individual was kept at an emergency facility for more than 30 hours in violation of law. *Chapter 760 of 2018* authorized a disabled person to apply for voluntary admission to a facility for the treatment of a mental disorder and set standards and criteria for a facility to accept a disabled person for voluntary admission.

Court-ordered Evaluations and Commitments

The State’s system for delivering forensic services has been subject to increased scrutiny in recent years. “Forensic services” include court-ordered evaluations and commitments of incompetent to stand trial (IST) and not criminally responsible (NCR) defendants under the Criminal Procedure Article, as well as court-ordered evaluations and commitments of individuals for SUDs under the Health-General Article. *Chapters 188 and 189 of 2018* required a court, upon a finding that a defendant is IST and is a danger to self or others, or upon a verdict that a defendant is NCR, to enter an order of commitment that requires MDH to commit the defendant to a designated health care facility as soon as possible but no later than 10 business days after MDH receives the order. If MDH fails to place the defendant in a facility in a timely manner, the court may impose any sanction reasonably designed to compel compliance, including requiring MDH to reimburse a detention facility for costs incurred as a result of delayed placement.

Substance Use Disorders/Heroin and Opioid Crisis

The rate of opioid-related deaths continues to rise at an alarming rate. According to MDH, between 2015 and 2016, prescription opioid-related deaths in Maryland increased by 19% (from 351 to 418), heroin-related deaths increased by 62% (from 748 to 1,212), and fentanyl-related deaths increased by 229% (from 340 to 1,119). Between January and June 2017, there were 799 deaths related to fentanyl, a 70% increase over the same time period for 2016, and 46 deaths related to carfentanil, a drug used as an elephant tranquilizer, a substance which first appeared as a cause of death in April 2017.

On March 1, 2017, the Governor declared a state of emergency in response to the opioid epidemic in the State and announced \$10.0 million in new funding over a five-year period for a total of \$50.0 million to support Maryland’s prevention, recovery, and enforcement efforts.

Chapter 464 of 2015 established the Joint Committee on Behavioral Health and Opioid Use Disorders. The committee has oversight over the Prescription Drug Monitoring Program (PDMP) and State and local programs to treat and reduce behavioral health and opioid use disorders. The purposes of the committee are to (1) review the final report of the Governor’s Heroin and Opioid Emergency Task Force; (2) review and monitor the activities of the Governor’s Inter-Agency Heroin and Opioid Coordinating Council; (3) monitor the effectiveness of specified programs, policies, and practices, including the State’s behavioral health system and local overdose prevention plans; (4) review the extent to which health insurance carriers in the State are complying with federal and State mental health and addiction parity laws; and (5) identify areas of concern and, as appropriate, recommend corrective measures to the Governor and the General Assembly.

Chapter 299 of 2013 established the Overdose Response Program within MDH to authorize certain individuals, through the issuance of a certificate, to administer naloxone to an individual experiencing, or believed to be experiencing, an opioid overdose to help prevent a fatality when medical services are not immediately available. *Chapter 356 of 2015* altered the program by authorizing an advanced practice nurse with prescribing authority or a licensed physician to

prescribe and dispense naloxone to a certificate holder either directly or, under specified circumstances, under a standing order. Under the Act, a licensed physician or an advanced practice nurse with prescribing authority who issues a standing order also may delegate authority for dispensing naloxone to certain licensed registered nurses and employees and volunteers of certain private or public entities. Additionally, the Act (1) authorized any licensed health care provider with prescribing authority to prescribe naloxone to a patient who is believed to be at risk of experiencing an opioid overdose or in a position to assist an individual at risk of experiencing an opioid overdose; (2) exempted the patient from the training requirements; and (3) authorized a pharmacist to dispense naloxone in accordance with a therapy management contract. **Chapter 356** also authorized an applicant for a certificate to take an educational program conducted by a pharmacist, clarified the conditions under which an employee or a volunteer of a private or public entity can conduct training, and established legal and civil immunity for specified individuals.

Chapter 348 of 2016 authorized a local health department or a community-based organization, with the approval of MDH and the appropriate local health officer, to establish an opioid-associated disease prevention and outreach program. A program must provide for substance use outreach, education, and linkage to treatment services, including distribution and collection of hypodermic needles and syringes. The Act repealed the Prince George's County AIDS Prevention Sterile Needle and Syringe Exchange Program and, instead, authorized the establishment of an opioid-associated disease prevention and outreach program in every county. The Act did not apply to Baltimore City's AIDS Prevention Sterile Needle and Syringe Exchange Pilot Program.

Chapters 710 and 711 of 2016 required MDH to approve a credentialing entity to develop and administer a certification process for recovery residences. MDH must publish a list of each credentialing entity and the credentialing entity's contact information on its website and each credentialing entity must publish a list of the recovery residences that hold a certificate of compliance on its website.

Chapters 571 and 572 of 2017 entitled the Heroin and Opioid Prevention Effort (HOPE) and Treatment Act (1) expressed the intent of the General Assembly that the Judiciary request an appropriation of at least \$2 million in additional funding in fiscal 2019 for grants to expand the scope of drug courts; (2) established that MDH may take certain actions relating to a controlled dangerous substance registration; (3) authorized local fatality review teams to review nonfatal overdoses; (4) required MDH to establish crisis treatment centers, a crisis hotline, and disseminate specified opioid use disorder information; (5) required each health care facility and system to make the services of providers who are authorized to prescribe opioid addiction treatment medication, including buprenorphine-containing formulations, available to patients; (6) repealed certification requirements within the Overdose Response Program; (7) required MDH to establish guidelines for co-prescribing opioid overdose reversal drugs; (8) required the Governor's proposed budget for fiscal 2019 through 2021 to include specified rate adjustments for community behavioral health providers; (9) required hospitals to develop and report certain discharge protocols; and (10) required the Department of Public Safety and Correctional Services and local jails and detention centers to develop plans for SUD treatment. The Acts also provided that specified carriers may apply a prior authorization requirement for an opioid antagonist only under specified

circumstances. Finally, the Acts expressed the intent of the General Assembly that the additional \$10 million included in the fiscal 2018 budget to respond to the opioid crisis be used to implement the Act's provisions.

Chapter 570 of 2017 required a health care provider providing treatment for pain, based on the clinical judgment of the provider, to prescribe the lowest effective dose of an opioid and a quantity that is no greater than that needed for the expected duration of pain severe enough to require an opioid that is a controlled dangerous substance, with certain exceptions. A violation of the Act's requirements is grounds for disciplinary action by the appropriate health occupations board.

Chapters 573 and 574 of 2017, among other provisions, required public schools and institutions of higher education to incorporate educational components that specifically address heroin and opioids and also require each school and institution to store naloxone or other overdose-reversing medication. *Chapter 414 of 2018* altered requirements for certain institutions of higher education relating to policies on heroin and opioid addiction and prevention.

Chapter 149 of 2018 authorized an emergency medical services provider or law enforcement officer who treats and releases, or transports to a medical facility, an individual experiencing a suspected or actual overdose to report the incident using an appropriate information technology platform, including the Washington/Baltimore High Intensity Drug Trafficking Area overdose detection mapping application program.

Between January 1 and August 31, 2017, 2.5 million prescriptions for opioids were dispensed in Maryland. *Chapters 215 and 216 of 2018* required a health care provider to advise a patient of the benefits and risks associated with a prescribed opioid or co-prescribed benzodiazepine. *Chapter 211 of 2018* required MDH to identify a method for establishing a tip line for a person to report a licensed prescriber who the person suspects is prescribing or overprescribing certain medication.

Generally, hospice programs are required to set policies and talk to families about how to safely manage and dispose of medications. However, hospice programs have little control over prescription medications after a patient dies. The U.S. Drug Enforcement Administration encourages hospice staff to help families destroy leftover medications, but the agency forbids staff members from destroying medications themselves unless allowed by state law. *Chapters 439 and 440 of 2018* required a general hospice care program to establish a written policy for the collection and disposal of unused prescription medication and required a program employee to collect and dispose of a patient's unused medication on the death of the patient or the termination of a prescription by the patient's prescriber.

Prescription Drug Monitoring Program

Chapter 166 of 2011 established PDMP in MDH to assist with the identification and prevention of prescription drug abuse and the identification and investigation of unlawful prescription drug diversion. PDMP must monitor the prescribing and dispensing of Schedule II through V controlled dangerous substances. When a dispenser fills a prescription for a monitored

drug, within three business days of dispensing the dispenser must electronically submit to PDMP identifying information for the patient, prescriber, dispenser, and drug. However, prescribers were not required or obligated to access or use prescription monitoring data.

Chapter 381 of 2015 expanded the entities to which PDMP must disclose prescription monitoring data. At the request of the entity, on approval of the Secretary of Health and for the purpose of furthering an existing bona fide individual case review, PDMP must disclose data to (1) the State Child Fatality Review Team or a Local Child Fatality Review Team; (2) a Local Drug Overdose Fatality Review Team; (3) the Maternal Mortality Review Program; or (4) a medical review committee appointed by, or established in, MDH or a local health department. The Act also required PDMP to disclose data to the State Board of Physicians on issuance of an administrative subpoena voted on by a quorum of a disciplinary panel for the purposes of furthering an existing bona fide investigation of an individual.

Chapter 147 of 2016 required prescribers and pharmacists to register with PDMP by July 1, 2017. Prescribers and pharmacists must also request and assess prescription monitoring data in a specified manner, except under specified circumstances. Prescribers and pharmacists are subject to disciplinary action by the appropriate licensing entity for failure to comply with the Act's mandatory registration and use requirements. PDMP may review prescription monitoring data for indications of a possible violation of law or a possible breach of professional standards by a prescriber or dispenser. If indicated, PDMP may notify and provide education to the prescriber or dispenser after obtaining certain clinical guidance from the technical advisory committee.

Medical Cannabis

The Natalie M. LaPrade Medical Cannabis Commission is responsible for the implementation of programs to make medical cannabis available to qualifying patients in a safe and effective manner. The commission oversees licensing, registration, inspection, and testing related to the State's medical cannabis program and provides relevant program information to patients, physicians, growers, dispensers, processors, testing laboratories, and caregivers.

Chapter 251 of 2015 defined "certifying physician" as any licensed physician with a controlled dangerous substance license, and removed a reporting requirement on the number of recommendations provided by certifying physicians, instead requiring dispensaries to provide quarterly reports to the commission. The Act authorized a certifying physician to include in a written statement that a 30-day supply of medical cannabis may be inadequate to meet the medical needs of the qualifying patient, and altered the information to be included in a proposal submitted to the commission by a physician. The Act also (1) authorized growers to grow and process medical cannabis on the same premises; (2) provided that a license to operate as a grower and dispensary is valid for four years; (3) authorized the commission to license processors and processor agents, register independent testing laboratories, and inspect dispensaries, processors, and testing laboratories; (4) authorized a person to be licensed concurrently as a grower, dispensary, and processor; and (5) repealed a requirement that the commission encourage licensing of growers located in agriculture zones.

Chapter 474 of 2016 authorized dentists, podiatrists, and certain registered nurses to be certifying providers under the program, thereby expanding the types of health care practitioners who may discuss medical cannabis with a patient, complete an assessment of a patient’s medical condition, and certify that the patient qualifies for medical cannabis.

The commission announced the 15 growers and 15 processors who were awarded Stage One license pre-approvals in August 2016 and the 102 dispensaries who were awarded Stage One license pre-approvals in December 2016. Following the award announcement, significant controversy surrounded two main issues: the decision to include geographic diversity as a final factor in choosing the grower finalists; and the fact that none of the 15 Stage One approved grower finalists were led by minorities. Several bills relating to the composition of the commission and the number of grower and processor licenses, as well as licensing criteria and the approval process, were introduced but failed during the 2017 session.

In response to the controversy related to geographic, racial, and ethnic diversity in the licensing process, the Governor issued an executive order in April 2017 directing the Governor’s Office of Small, Minority, and Women Business Affairs to initiate a disparity study of Maryland’s regulated medical cannabis industry. An evaluation of U.S. Census North American Industry Classification System (NAICS) codes for the medical cannabis industry in Maryland concluded that a 2017 statewide disparity study covered the NAICS codes applicable to the medical cannabis industry in Maryland. Further, the evaluation found that there is a strong basis in evidence for applying race- and/or gender-conscious remedial measures, including the State’s Minority Business Enterprise Program, to the types of work involved in the medical cannabis industry.

Chapter 598 of 2018, an emergency measure, required outreach to encourage participation in the medical cannabis industry by small, minority, and women business owners. The Act required the commission to promulgate emergency remedial regulations based on the results of the disparity study and prohibited the commission from reviewing, ranking, or evaluating an application for a license until the regulations were adopted. The Act also established a new license cap for growers, raising the statutory cap from 15 to 22 grower licenses. The Act required the commission to issue Stage One pre-approval for two medical cannabis growers from the license applications that were initially ranked by the Regional Economic Studies Institute in accordance with the numerical selection sequence for additional licenses adopted by the commission in August 2016. The Act also established a license cap of 28 processors. Beginning December 1, 2024, the commission may report to the General Assembly on the number of grower, processor, and dispensary licenses necessary to meet demand for medical cannabis by qualifying patients and caregivers, but the commission must provide the Legislative Policy Committee with at least 30 days to submit comments to the commission before submitting the report. The Act established a new compassionate use fund to provide free or discounted medical cannabis to individuals enrolled in Medicaid or in the Veterans Administration Health Care System, and altered and reconstituted the membership of the commission, effective October 1, 2019.

Chapter 601 of 2018 extended legal protections to a third-party vendor authorized by the commission to test, transport, or dispose of medical cannabis, medical cannabis products, or medical cannabis waste. The Act also clarified that current legal protections apply to specified

entities acting in accordance with the State's medical cannabis program for the medical use, or possession, of medical cannabis.

Chapters 599 and 600 of 2018 prohibited a referral of a qualifying patient under the State's medical cannabis program from being made by any person or entity who has any specified employment or compensation interest in facilitating a person to become a qualifying patient.

Pharmaceuticals

Concerns about the high cost of prescription drugs, including some significant price increases for generic drugs, have prompted calls for action to lower prescription drug costs. Twenty states' Attorneys General (including Maryland's) filed a civil complaint against six pharmaceutical companies in December 2016 alleging price fixing schemes to artificially inflate prices on generic drugs. Federal prosecutors have made similar claims against several former pharmaceutical executives. *Chapter 818 of 2017* prohibited a manufacturer or wholesale distributor from engaging in price gouging in the sale of an essential off-patent or generic drug. Medicaid may notify the Attorney General when specified price increases occur. On request of the Attorney General, the manufacturer of an essential off-patent or generic drug must submit a specified statement. The Attorney General may require a manufacturer or wholesale distributor to produce any records or documents relevant to determining if a violation of the prohibition on price gouging has occurred. On petition of the Attorney General, a circuit court may issue specified orders, including compelling a manufacturer or wholesale distributor to provide certain statements or records, restraining or enjoining a violation, requiring restitution, and imposing a civil penalty of up to \$10,000 for each violation. In April 2018, the U.S. Fourth Circuit Court of Appeals found Chapter 818 unconstitutional for violating the dormant commerce clause by directly regulating transactions that occur outside of the State. The Attorney General subsequently appealed the ruling.

Chapter 771 of 2017 authorized a manufacturer of an investigational drug, biological product, or device to provide the investigational drug, biological product, or device to an eligible patient. The manufacturer may either provide the drug, biological product, or device without compensation or charge the patient, subject to specified limitations, for the cost of, or associated with, the manufacture of the specific drug, biological product, or device.

Developmental Disabilities

Chapter 399 of 2015 required the Secretary of Health to provide notice and an opportunity for a Medicaid fair hearing to (1) applicants for Developmental Disabilities Administration (DDA) Medicaid waiver services who are denied eligibility; (2) applicants for DDA Medicaid waiver services who contest the priority category they are assigned; and (3) recipients of DDA Medicaid waiver services whose claim for DDA Medicaid waiver services is denied or not acted upon with reasonable promptness, or who believe DDA has acted erroneously.

The Maryland Wage and Hour Law is the State complement to the federal Fair Labor Standards Act of 1938. State law sets minimum wage standards to provide a maintenance level

consistent with the needs of the population. Exceptions to the minimum wage requirement exist for a training wage and a disabled employee of a sheltered workshop. **Chapters 521 and 522 of 2016** prohibited DDA, beginning October 1, 2020, from funding providers that pay individuals less than the minimum wage under a specified certificate issued by the U.S. Department of Labor. Further, DDA and the Department of Disabilities, in partnership with relevant State agencies, must develop and implement a plan to phase out authorizations for payment of a subminimum wage to an employee with a disability by October 1, 2020.

Health Records

Chapter 378 of 2016 authorized an individual to file a motion with a court requesting that the court records related to a petition for emergency evaluation be sealed if the individual was a minor at the time the petition was made or sought. Under the Act, the court may seal the records for good cause shown. The Act also established procedures for filing an objection and for the court to hold a hearing.

Medical records are protected from certain disclosures under State law and under the federal Health Insurance Portability and Accountability Act. **Chapters 165 and 166 of 2017** required a health care provider to disclose a medical record, without the authorization of the person of interest, to a guardian ad litem appointed by a court to protect the best interest of a minor or a disabled or elderly individual who is a victim of a crime or a delinquency act under certain circumstances.

Chapters 700 and 701 of 2017 altered the circumstances under which a health care provider may disclose directory information and medical records without the authorization of the person in interest, including information that was developed primarily in connection with mental health services.

Chapter 504 of 2018 required a health care provider to disclose a medical record in accordance with compulsory process not later than 30 days after receiving the required documentation and any fees relating to the provision of the medical record that are owed to the health care provider by the party or the attorney representing the party seeking the medical record. A health care provider may request up to 30 additional days to disclose a medical record on a showing of good cause.

Advance Directives

Generally, any competent individual may, at any time, make a written or electronic advance directive regarding the provision of health care to that individual, including the withholding or withdrawal of health care from that individual. Chapter 549 of 2013 required MDH to take all steps necessary to make a registry of advance directives operational in the State by October 1, 2014. The Maryland Health Care Commission (MHCC) was tasked with implementing the registry. MHCC contracted with AD Vault Inc., the operator of MyDirectives.com, a free, secure, web-based system that allows individuals to document and store advance directives in a secure database to serve as the State's registry. **Chapter 297 of 2015** established that an electronic

advance directive, created in compliance with the electronic witness protocols of the Advance Directive Registry of MDH, must be recognized as satisfying the witness requirement for an advance directive.

Chapter 412 of 2015 authorized a court to appoint a guardian for a disabled person for a limited period of time if it appears probable that the disability will end within one year of the appointment of the guardian. The Act also permitted a competent individual to elect, in an advance directive, to waive the right to revoke any part or all of the advance directive during a period when the individual has been certified as being incapable of making an informed decision by the individual's attending physician and a second physician.

Chapter 510 of 2016 made multiple changes to the laws related to advance directives by (1) altering witness requirements for an electronic advance directive; (2) expanding the required contents of a specified advance directive information sheet; (3) expanding the scope of education and outreach efforts by requiring MDH to encourage the use of electronic advance directives; (4) changing the requirements for the distribution of the advance directive information sheet and the availability of electronic advance directives; (5) establishing requirements related to accessing electronic advance directives by health care providers and in health care facilities; (6) authorizing the use of funds from the Spinal Cord Injury Research Trust Fund to administer the Advance Directive Program; and (7) codifying current practice regarding the use of an electronic advance directives service to connect with health care providers at the point of care.

Chapter 667 of 2017 again made multiple changes regarding advance directives and funding for the Advance Directive Program, including (1) altering the definition of "advance directive" and witness requirements for an electronic advance directive; (2) requiring MDH to issue a Request for Proposals for electronic advance directives services and authorizing it to contract with multiple electronic advance directives services; and (3) establishing the Advance Directive Program Fund as a special nonlapsing fund to be administered by MDH.

Chapter 657 of 2017 generally prohibited an individual from serving as either a health care agent or surrogate decision maker for a declarant or patient if (1) the individual is the subject of an interim, temporary, or final protective order or (2) the individual is the spouse of the declarant, and the individual and declarant have executed a separation agreement or have filed an application for divorce.

Miscellaneous Public Health Issues

Disposal of a Body

In 2015, the lack of specific statewide laws addressing proper disposal of a human body created concern in Maryland resulting from reported cases involving the disposal of human remains. *Chapter 419 of 2015* restricted where an individual may bury or dispose of a body. An individual may only dispose of a body (1) in a family burial plot or other area allowed by local ordinance; (2) in a crematory; (3) in a cemetery; (4) by donating the body to medical science; or (5) by removing the body to another state for final legal disposition. An individual who violates

the provisions of the Act is guilty of a misdemeanor and subject to maximum penalties of one year imprisonment and/or a fine of \$5,000.

Registered Nurses Dispensing Drugs – Local Health Departments

Under *Chapter 44 of 2015*, a registered nurse who complies with a specific formulary and other specified requirements is authorized to personally prepare and dispense prescription drugs and devices in a local health department in accordance with the Overdose Response Program or the Expedited Partner Therapy Pilot Program, or to patients in need of communicable disease, alcohol and drug abuse, family planning, or reproductive health services. A local health department that employs a registered nurse who personally prepares and dispenses prescription drugs and devices is subject to inspection by MDH. MDH is required to establish and administer a training program for registered nurses who are authorized to personally prepare and dispense prescription drugs. Finally, the Act established the Committee on Registered Nurses Personally Preparing and Dispensing Drugs and Devices in Local Health Departments to develop, approve, and annually review a formulary for use by registered nurses.

Organ Transplants

Chapter 383 of 2015 established that a covered entity is prohibited, solely on the basis of an individual's disability, from (1) considering a qualified individual ineligible to receive an anatomical gift or organ transplant; (2) denying medical and other services related to organ transplantation, including evaluation, surgery, counseling, and posttransplantation treatment and services; (3) refusing to refer the individual to a transplant center or a related specialist; (4) refusing to place a qualified individual on an organ transplant waiting list; or (5) placing an otherwise qualified individual at a lower priority position on an organ transplant waiting list. However, if an individual has the necessary support system to assist in complying with posttransplantation medical requirements, an individual's inability to independently comply with such requirements may not be found to be medically significant. With specified exceptions, reasonable modifications must be made to policies, practices, and procedures, when necessary to allow an individual with a disability access to services. If a covered entity violates the provisions of the Act, the affected individual can bring an action in the appropriate circuit court for injunctive or other equitable relief. Finally, *Chapter 383* prohibited specified insurers, nonprofit health service plans, and health maintenance organizations that provide coverage for organ transplantation from denying coverage for an organ transplantation solely on the basis of an insured's or enrollee's disability.

Community Health Workers

Chapter 441 of 2018 established the State Community Health Worker Advisory Committee within MDH and required MDH to adopt specified regulations related to the training and certification of community health workers in the State. The Act also established the State Community Health Workers Fund. A community health worker means a frontline public health worker who is a trusted member, or has an unusually close understanding, of the community served; who serves as a liaison, link, or intermediary between health and social services and the community to facilitate access to services and improve the quality and cultural competence of service delivery; and who builds individual and community capacity by increasing health

knowledge and self-sufficiency through a range of activities, including outreach, community education, the provision of information to support individuals in the community, social support, and advocacy.

Miscellaneous Health Care Programs

Maryland AIDS Drug Assistance Program

The Maryland AIDS Drug Assistance Program (MADAP) helps low- to moderate-income Maryland residents pay for certain drugs to treat HIV/AIDS. In November 2012, the federal Health Resources and Services Administration clarified that although the federal Public Health Service Act requires that rebate funds be applied to the Part B Program with a priority that the rebates be placed back into AIDS drug assistance programs, rebates may also be used for any authorized purpose under the Part B Program, including core medical services, support services, planning and evaluation, and administrative expenses. *Chapter 384 of 2015* authorized rebates received by MDH from MADAP to be used to fund any other services to eligible individuals allowable under Part B of the federal Ryan White HIV/AIDS Program.

HIV Testing

Chapter 112 of 2015 altered the requirements for obtaining informed consent from an individual before testing for HIV and switched consent procedures from “opt-in” to “opt-out” testing. The Act required a health care provider to (1) inform the individual that a sample will be used to test for HIV unless the individual refuses; (2) provide information on HIV and the meaning of positive and negative test results; and (3) offer the individual an opportunity to ask questions and decline HIV testing.

Chapters 440 and 441 of 2016 required that a health care provider who provides prenatal care obtain consent from a pregnant patient for HIV testing in accordance with existing informed consent and pretest requirements relating to HIV testing, and test the patient during both the first and third trimesters unless the patient declines the tests. The requirements apply to routine prenatal medical care visits and not to incidental or episodic care by a health care provider. A health care provider may not be subject to disciplinary action by a professional licensing board for not testing a pregnant patient for HIV during the third trimester.

Allergy Treatment

Allergens such as insect stings or bites, foods, latex, and medications are common causes of anaphylaxis. The most common treatment for anaphylaxis is epinephrine, which often comes in the form of a predosed auto-injector that can be administered with minimal training. *Chapter 342 of 2015* established the emergency and allergy treatment program for the purpose of providing life-saving treatment to individuals experiencing anaphylaxis in a youth camp certified by MDH. The Act authorized the operator of a youth camp or an agent to administer auto-injectable epinephrine if the individual has successfully completed an educational training program approved by MDH. *Chapter 527 of 2018* established the Emergency Use Auto-Injectable Epinephrine Program for food service and recreation and wellness facilities at institutions of higher

education and authorized qualified individuals, through issuance of a certificate, to obtain, store, and administer auto-injectable epinephrine to individuals experiencing anaphylaxis.

Health Occupations

Regulation of Health Care Providers – In General

Criminal History Records Checks and Background Checks

The number of health occupations boards that require a criminal history records check (CHRC) has increased significantly since 2015. *Chapter 34 of 2015* required applicants and licensees of the State Board of Physicians to submit to a CHRC as a qualification for licensure and created new grounds for disciplinary action if a licensee fails to submit to a required CHRC. *Chapter 167 of 2015* required most applicants for a license, permit, or registration issued by the State Board of Morticians and Funeral Directors to submit to a State and national CHRC or submit to the board a CHRC conducted by a board-approved accredited agency. *Chapter 48 of 2016* required applicants and licensees of the State Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists; the State Board of Examiners of Nursing Home Administrators; the State Board of Occupational Therapy Practice; and the State Board of Podiatric Medical Examiners to submit to a CHRC upon initial application, renewal, and/or reinstatement and created new grounds for disciplinary action if a licensee fails to submit to a required CHRC. *Chapter 769 of 2017* required the State Board of Examiners of Psychologists, beginning March 2019, to begin a process that requires CHRCs on renewal and for reinstatement after failing to renew for a period of one year or more. An additional CHRC must be conducted every six years.

Although not a CHRC requirement, *Chapter 331 of 2015* expanded background clearance requirements for certified program administrators and certified residential child and youth care practitioners as a condition of obtaining and renewing a certificate from the State Board for the Certification of Residential Child Care Program Professionals.

License Exemptions for Out-of-state Licensees

Generally, individuals must be licensed or certified by the applicable health occupations board before practicing in the State. During the 2015, 2016, and 2018 sessions, legislation established and expanded out-of-state license exemptions for audiologists, speech-language pathologists, and physicians.

Chapter 385 of 2015 established an exemption from the requirement to obtain a license from the State Board of Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists for an individual licensed to practice audiology or speech-language pathology in another state or foreign country who provides a clinical demonstration or receives clinical training at a training or educational event in the State.

Chapter 94 of 2016 exempted a physician who is licensed by and resides in another jurisdiction and who is designated as a team physician by an athletic or sports team based outside

the State from State licensing requirements if the physician meets specified conditions. **Chapters 460 and 461 of 2016** required the State Board of Physicians to license an applicant to practice medicine in Maryland if the applicant became licensed in another jurisdiction with similar licensing requirements, the applicant is in good standing in that jurisdiction, and the other jurisdiction offers a similar reciprocal licensing process for Maryland physicians.

Chapter 470 of 2018 entered Maryland into the Interstate Medical Licensure Compact for physicians. Under the compact, participating state medical boards retain their licensing and disciplinary authority but agree to share information and processes that are essential to the licensing and regulation of physicians who practice across state borders. Participation in the compact is voluntary for both states and physicians.

Continuing Education in Health Care Disparities, Cultural and Linguistic Competency, and Health Literacy

In general, health occupations boards have continuing education requirements specific to their various disciplines. However, **Chapter 437 of 2015** required the Office of Minority Health and Health Disparities in the Maryland Department of Health to provide specified health occupations boards with a list of recommended courses in cultural and linguistic competency, health disparities, and health literacy. Each board was required to (1) post the recommended courses on the board's website; (2) provide information about the courses to licensees at the time of licensure renewal; and (3) advertise the availability of the recommended courses in specified board publications. **Chapter 499 of 2017** required each health occupations board to report to specified committees of the General Assembly on efforts to educate individuals regulated by the boards regarding (1) reducing and eliminating racial and ethnic health disparities; (2) improving health literacy; (3) improving cultural and linguistic competency; and (4) achieving the goal of racial and ethnic health equity.

Maryland Patient Referral Law

The Maryland Patient Referral Law (MPRL) was enacted in 1993 when fee-for-service (FFS) was the predominant method of payment. However, new and innovative payment methods have begun to replace FFS. In 2015, the Maryland Health Care Commission convened a workgroup to examine possible changes to the MPRL. While the workgroup did not make specific recommendations, it did achieve consensus on the need to modernize the law to allow for the development of additional bona fide value-based payment models, risk-sharing arrangements, and alignment models, and ensure emerging compensation arrangements are permissible.

To permit new health care delivery models, **Chapters 225 and 226 of 2017** exempted a health care practitioner who has a compensation arrangement with a health care entity from the prohibition against self-referral under MPRL if the compensation arrangement is funded by or paid under (1) a Medicare Shared Savings Program accountable care organization (ACO); (2) an advance payment ACO model, a pioneer ACO model, or a next generation ACO model, as authorized under federal law; (3) an alternative payment model approved by the federal Centers for Medicare and Medicaid Services (CMS); or (4) another model approved by CMS that may be applied to health care services provided to both Medicare and non-Medicare beneficiaries.

Regulation of Health Care Providers – Individual Boards and Professions

Dental Hygienists’ Scope of Practice

Historically, dental hygienists in Maryland have practiced under the indirect supervision of a dentist, which means the dentist authorizes the procedure and remains in the office while it is performed. The scope of dental hygienist practice incrementally expanded in 2016. *Chapter 106 of 2016* authorized dental hygienists to administer nitrous oxide to a patient under the supervision of a dentist who is physically present on the premises and prescribes the administration of nitrous oxide by the dental hygienist. *Chapter 111 of 2016* authorized dental hygienists to administer local anesthesia to facilitate the general practice of dental hygiene by a dental hygienist or the practice of dentistry by a dentist, rather than only for certain procedures.

Massage Therapists and Chiropractors

Traditionally, the State Board of Chiropractic and Massage Therapy Examiners regulated licensed chiropractors, chiropractic assistants, massage therapists, and registered massage practitioners. *Chapter 739 of 2016* separated the board into two boards: the State Board of Chiropractic Examiners and the State Board of Massage Therapy Examiners. *Chapter 739* also required the new massage therapy board to establish an advisory committee to study the scope of practice of massage therapy and make recommendations on any necessary changes.

Morticians and Funeral Directors

Chapter 452 of 2015 authorized the State Board of Morticians and Funeral Directors, subject to hearing provisions and in addition to other authorized sanctions, to issue a cease and desist order, impose a civil fine of up to \$5,000 per offense, or both, for practicing mortuary science without a license or misrepresentation to the public that a person is authorized to practice mortuary science.

Nursing

Nurse Anesthetists: The scope of practice for nurse anesthetists was codified and expanded to reflect current practice under *Chapter 483 of 2018*, which authorized a nurse anesthetist to administer anesthesia in collaboration with an anesthesiologist, a physician, or a dentist but without the need for a collaboration agreement. *Chapter 483* specified the manner in which a nurse anesthetist must collaborate with an anesthesiologist, a licensed physician, or a dentist related to the administration of anesthesia and outlined basic standards of practice for a nurse anesthetist.

Midwifery: The profession of midwifery includes nurse-midwives and direct-entry midwives. The State Board of Nursing (BON) provides advanced practice registered nurse certification to nurse-midwives, who must also be licensed registered nurses. *Chapter 393 of 2015* established the Direct-Entry Midwifery Advisory Committee within BON and the procedures for obtaining and renewing a license to practice direct-entry midwifery. *Chapter 393* also altered the scope of practice for direct-entry midwifery and specified when a licensed direct-entry midwife is

required to transfer the care of a patient to another health care practitioner, consult with a health care practitioner, and arrange for the immediate transfer of a patient to a hospital. **Chapters 528 and 529 of 2018** clarified the conditions under which a licensed direct-entry midwife must consult on or transfer the care of a patient to a health care practitioner, required BON to review and update a specified standardized informed consent agreement, and expanded qualifications for licensure.

Pharmacy

Self-administered Drugs: The practice of pharmacy has expanded in recent years to encompass health care services beyond dispensing of prescription drugs. **Chapter 447 of 2015** authorized a pharmacist to administer a “self-administered drug” that is prescribed by an authorized prescriber. **Chapters 820 and 821 of 2017** authorized a qualified licensed pharmacist to prescribe and dispense contraceptive medications and self-administered contraceptive devices approved by the U.S. Food and Drug Administration (FDA).

Prescription Refills During a State of Emergency: The Model State Pharmacy Act and Model Rules of the National Association of Boards of Pharmacy include provisions that authorize a pharmacist, during a state of emergency, to dispense up to a 30-day supply of a prescription drug without prescriber authorization. **Chapter 98 of 2015** mirrored the model provisions by expanding the authority for a pharmacist to refill prescriptions without an authorization from 14 to 30 days during a state of emergency declared by the federal government or any state government.

Drug Therapy Management Program: Chapter 249 of 2002 established the Drug Therapy Management Program, which authorizes a physician and a pharmacist to enter into a therapy management contract that specifies treatment protocols that may be used to provide care to a patient. A pharmacist may order laboratory tests and other patient care measures related to monitoring or improving the outcomes of drug or device therapy based on disease-specific, mutually agreed-upon protocols. **Chapter 269 of 2015** expanded the program to include licensed podiatrists or certified advanced practice nurses with prescriptive authority, in addition to licensed physicians.

Interchangeable Biological Products: **Chapter 726 of 2017** authorized a pharmacist to substitute an interchangeable biological product, of the same dosage form and strength, for any brand name drug if (1) the authorized prescriber does not expressly state that the prescription must be dispensed only as directed; (2) the substitution is recognized as specified; and (3) the consumer is charged less for the interchangeable biological product than the brand name drug. The dispensing pharmacist (or a designee) must generally provide specified notice within five business days after dispensing a biological product to a patient.

Sterile Compounding and Sterile Drug Products: Chapter 397 of 2013 regulated facilities or practitioners that perform sterile compounding or distribute a sterile drug product into, or within, Maryland. Subsequent to the passage of Chapter 397, the federal Drug Quality and Security Act (DQSA) was enacted. DQSA provides oversight of sterile drug products produced in bulk quantities and sterile compounding performed by health care practitioners for identified individual patients. Traditional compounding pharmacies remain under the oversight of state boards of

pharmacies. In response to passage of DQSA, *Chapter 5 of 2015* repealed (1) the requirement that sterile compounding facilities hold a sterile compounding permit from the State Board of Pharmacy; (2) the requirement that a person that prepares and distributes sterile drug products into, or within, the State hold both a manufacturer’s permit or other permit from the FDA and a wholesale distributor’s permit from the board; and (3) the board’s authority to issue a waiver of these requirements. Instead, pharmacies that dispense “compounded sterile preparations” to Maryland patients must comply with USP 797 (enforceable sterile compounding standards issued by the United States Pharmacopeia) and board regulations governing the compounding of sterile preparations and submit an inspection report that demonstrates such compliance as a condition of obtaining a pharmacy permit from the board.

Chapters 687 and 688 of 2016 authorized a licensed veterinarian to dispense compounded preparations to a “nonfarm animal” and authorized a pharmacy and a licensed pharmacist to provide compounded preparations without a patient-specific prescription to a licensed veterinarian who intends to dispense the preparations to a nonfarm animal if specified requirements are met.

Physicians

The State Board of Physicians funds the Health Personnel Shortage Incentive Grant Program (HPSIG) and the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants (MLARP). HPSIG provides grants to eligible institutions of higher education that have programs leading to licensure, certification, or registration in health personnel shortage areas. MLARP provides loan repayment assistance in exchange for certain service commitments to help ensure underserved areas of the State have sufficient numbers of primary care physicians and physician assistants. *Chapter 178 of 2016* repealed the requirement that the board contribute a portion of its fees to HPSIG and capped the board’s required contribution to MLARP at \$550,000 in fiscal 2017 and 2018 and at \$400,000 in each fiscal year thereafter.

Naturopathic Doctors: Pursuant to Chapters 153 and 399 of 2014, an individual must be licensed by the State Board of Physicians to practice naturopathic medicine in the State. Licensure of naturopathic doctors began in March 2016. *Chapter 700 of 2016* established a Naturopathic Doctors Formulary Council within the board to develop and make recommendations on a formulary for licensed naturopathic doctors. *Chapter 700* also expanded authorized routes of administration for naturopathic doctors and prohibited naturopathic doctors from prescribing, dispensing, or administering drugs or devices that are not listed on the formulary.

Preparing and Dispensing Prescriptions and Delegation Agreements: Although an individual must be licensed to practice pharmacy to dispense prescription drugs, a licensed physician may personally prepare and dispense the physician’s prescriptions. *Chapter 116 of 2016* clarified that a licensed physician may personally prepare and dispense a prescription written by a physician assistant in accordance with an authorized delegation agreement or a prescription written by a certified nurse practitioner who works with the physician in the same office setting. *Chapters 442 and 443 of 2018* authorized a physician assistant to personally prepare and dispense a drug that the physician assistant is authorized to prescribe under a delegation agreement if the supervising physician possesses a dispensing permit and the physician assistant only dispenses

drugs within the supervising physician's scope of practice and within the scope of the delegation agreement.

Social Workers

Chapters 548 and 549 of 2017 revised the Maryland Social Work Practice Act, including establishing a licensed master social worker (LMSW) license, which replaces the licensed graduate social worker license; defining and codifying a process under which a licensed bachelor social worker or an LMSW may apply for, and engage in, independent practice; and increasing civil penalty provisions, including a fine of up to \$50,000 for a person who violates related law.

Program Evaluation (“Sunset Review”)

Approximately 70 entities, including each of the boards regulated under the Health Occupations Article, are subject to periodic evaluation conducted by the Department of Legislative Services (DLS) in accordance with the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review,” as most agencies evaluated are also subject to termination or “sunset.”

From 2015 to 2017, DLS conducted full evaluations of four health occupations boards.

State Board of Environmental Health Specialists: The board underwent a full sunset evaluation in 2015. *Chapters 359 and 360 of 2016* extended the board's termination date until July 1, 2027, and required a preliminary evaluation of the board be conducted by December 15, 2023. The board must include a financial statement and a plan for special fund revenues in its annual report, monitor a workforce workgroup, implement specific administrative recommendations, and submit a report on the implementation of those recommendations to the specified committees of the General Assembly.

State Board of Morticians and Funeral Directors: The board underwent a full sunset evaluation in 2016. *Chapters 823 and 824 of 2017* extended the termination date for the board by 10 years to July 1, 2028, and required a full evaluation of the board by December 1, 2026. The board must submit multiple reports to specified committees of the General Assembly regarding required board actions and analyses by November 1, 2017; January 1, 2018; and October 1, 2019.

State Board of Physicians and Allied Health Advisory Committees: The board and its related allied health advisory committees underwent a full sunset evaluation in 2016. *Chapters 217 and 218 of 2017* extended the termination date of the board and the advisory committees by five years to July 1, 2023, and generally implemented the recommendations of DLS' 2016 evaluation. *Chapters 217 and 218* limited the scope of the next sunset evaluation, instituted new reporting requirements for the board, and made miscellaneous statutory changes, including exempting certain individuals from CHRC requirements if they are otherwise authorized to practice medicine in the State without a license and shifting certain disciplinary proceedings from the full board to the disciplinary panels.

State Board of Professional Counselors and Therapists: The board underwent a full sunset evaluation in 2017. *Chapters 756 and 757 of 2018* implemented several of DLS' recommendations, including extending the termination date of the board by two years to July 1, 2021. The board must submit specified progress reports every six months, beginning October 1, 2018. By December 1, 2019, DLS must report to specified committees of the General Assembly as to whether, and for how long, the board's termination date should be extended. *Chapters 756 and 757* also (1) repealed specific education requirements for licensees and certificate holders and instead authorized the board to establish education requirements in regulations; (2) authorized the board to waive education and experience requirements for alcohol and drug counselors under specified circumstances; (3) altered the qualifications for certain board members; (4) required the board to make two specified determinations; (5) required the board to establish an Alcohol and Drug Counselor Subcommittee; and (6) required the board to submit regulations by specified dates.

Supervision and Review of Board Decisions and Actions

In 2015, the U.S. Supreme Court held in *N.C. Board of Dental Examiners v. Federal Trade Commission* that, when a controlling number of the decision makers on a state licensing board are active participants in the occupation the board regulates, the board may only invoke state-action immunity if it is subject to active supervision by the state. In response to this decision, *Chapters 613 and 614 of 2017* required the Secretary of each principal department to supervise each unit of State government within the Secretary's jurisdiction that is composed, in whole or in part, of individuals participating in the occupation or profession regulated by the unit. This supervision was intended to prevent unreasonable anticompetitive actions by the unit and allow for the determination as to whether the decisions and actions of the unit further a clearly articulated State policy to displace competition in the regulated market.

Health Care Facilities and Regulation

Maryland All-payer Model Contract

Effective January 1, 2014, Maryland entered into a 5-year contract with the federal government to replace the State's 36-year-old Medicare waiver with the Maryland All-Payer Model Contract that governs hospital rate setting. Under the waiver, Maryland's success was based solely on the cumulative rate of growth in Medicare inpatient per admission costs. However, under the all-payer model contract, the State must not only limit inpatient, outpatient, and Medicare per beneficiary hospital growth but also shift hospital revenues to a population-based system, reduce hospital readmissions, and reduce potentially preventable complications.

Under the all-payer model contract, which runs through December 31, 2018, Maryland hospitals have reduced unnecessary readmissions and hospital-acquired conditions, while decreasing the growth in hospital cost per capita. However, the all-payer model contract focuses solely on hospitals and not on the broader health care system. Thus, the federal government required Maryland to submit a proposal for a new model that encompasses *all* of the health care

that patients receive, both in hospitals and in the community, and which limits Medicare beneficiary total cost of care (TCOC) growth.

Maryland Total Cost of Care Model

Maryland submitted a proposal for the Maryland Total Cost of Care Model in May 2017. The model is designed to (1) improve population health; (2) improve outcomes for individuals; and (3) control growth of TCOC. The federal government approved the model (known as the “Maryland Model”) in May 2018. Under the Maryland Model, which begins January 1, 2019, the State must address care delivery across the health care system with the objective of improving health and quality of care while limiting State growth in Medicare spending to a level lower than the national rate. Core requirements and expectations of the new model include the following:

- As with the all-payer model contract, hospital cost growth per capita for all payers must not exceed 3.58% per year. The State has the opportunity to adjust this growth limit based on economic conditions, subject to federal review and approval.
- Maryland commits to saving \$300 million in annual total Medicare spending for Medicare Part A and Part B by the end of 2023. This savings will build off of the ongoing work of Maryland stakeholders, which began in 2014.
- The new model will help physicians and other providers leverage other initiatives and federal programs to align participation in efforts focused on improving care and care coordination and participation in incentive programs that reward those results. These programs will be voluntary, and the State will not undertake setting Medicare and private fee schedules for physicians and clinicians.
- Maryland will set aggressive quality of care goals and a range of population health goals.

Hospital Conversions

Hospital admissions have declined nationally and in Maryland, with both urban and rural hospitals affected by reduced utilization. Some facilities have reduced the level of services offered and sought options to convert or downsize from full-scale acute care facilities. Preserving access to appropriate emergency and primary care services is of special concern for rural communities.

Chapter 420 of 2016 provided an alternative transitional model for preserving emergent/urgent care capability by exempting the conversion of a licensed general hospital to a freestanding medical facility (and any related capital expenditure) from the requirement to obtain a certificate of need (CON) under specified circumstances, including if the facility is established as the result of the conversion of a licensed general hospital. Under *Chapter 420*, a licensed general hospital may elect to convert into a freestanding medical facility (without obtaining a CON) rather than closing or partially closing.

In addition to emergency department and related services, freestanding medical facilities established from the conversion of a licensed general hospital may provide outpatient services and observation stays (a stay generally lasting no more than 48 hours that is provided as an outpatient service to allow testing and medical evaluation of a patient’s condition) and be paid rates regulated by the Health Services Cost Review Commission for such services.

Rural Health Care Delivery

Chapter 420 also established a workgroup on rural health care delivery to oversee a study of health care delivery in the mid-shore region and to develop a plan for meeting the health care needs of the area. Among other recommendations, the workgroup recommended establishing a rural health collaborative to oversee the development and establishment of a rural community health complex program. *Chapter 606 of 2018* established a Rural Health Collaborative Pilot as an independent unit within the Maryland Department of Health (MDH). Supplemental budget No. 3 of 2018 included \$150,000 to fund the collaborative. By December 1, 2020, the collaborative must report to the Governor and the General Assembly on the standards and criteria that a community must meet to establish a “rural health complex.” By December 1, 2021, and annually thereafter, the collaborative must report to the Governor and the General Assembly on its activities regarding health care delivery in the mid-shore region.

University of Maryland Capital Region Medical Center

The State has historically supported the Prince George’s Hospital System through operating and capital grants. *Chapter 13 of 2016* required the State (and Prince George’s County) to provide additional operating and capital funding for a new regional medical center. *Chapter 13* mandated a total of \$55.0 million in operating grants between fiscal 2018 and 2021 to the University of Maryland Medical System (UMMS) contingent on UMMS assuming ownership of the system, which it did in September 2017. Grants may be used only for providing increased access to critical health care services, improving the quality of services, and facilitating cost containment measures.

Chapter 19 of 2017 altered the amount of operating grants the State was required to provide to UMMS in fiscal 2018 through 2021 (adding a total of \$30.0 million in that period) and required the Governor to include an annual appropriation of \$10.0 million for additional operating grants in fiscal 2022 through 2028. *Chapter 19* also restructured mandated capital appropriations that the Governor must include in the capital or operating budget bill for the construction of the new medical center in fiscal 2018 through 2020. Identical provisions were included in *Chapter 23 of 2017*, the Budget Reconciliation and Financing Act.

Exhibit J-3 displays actual and mandated operating and capital funding for the new University of Maryland Capital Region Medical Center, projected to open in 2021, for fiscal 2016 through 2028.

Exhibit J-3
Operating and Capital Funding for the
University of Maryland Capital Region Medical Center
Fiscal 2016-2028
(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2028¹</u>	<u>Total</u>
Operating	\$0.0	\$15.0	\$28.0	\$27.0	\$15.0	\$15.0	\$10.0	\$60.0	\$170.0
Capital	30.0	27.5	11.3	48.0	56.2	0.0	0.0	0.0	173.0
Total	\$30.0	\$42.5	\$39.3	\$75.0	\$71.2	\$15.0	\$10.0	\$60.0	\$343.0

¹Reflects a \$10.0 million mandated annual appropriation in fiscal 2023 through 2028, for a total of \$60.0 million.

Source: Department of Legislative Services

Facility Fees and Renewal Requirements

MDH has reduced or eliminated certain health-related licensing and permitting fees through regulatory changes. In August 2016, licensure fees for 13 categories of health care providers regulated by the Office of Health Care Quality (OHCQ) were eliminated (set to \$0), while licensing fees for freestanding medical facilities and assisted living facilities were substantially reduced.

Similarly, *Chapter 772 of 2017* repealed the requirement that MDH adopt regulations requiring the Secretary of Health to charge fees for the issuance and renewal of assisted living facility licenses. Instead, *Chapter 772* required MDH to adopt regulations that establish the application fee to be paid to the Secretary by an applicant for an assisted living program license.

Continuing the trend of reducing or eliminating licensure fees, *Chapter 661 of 2018* repealed specified application and renewal fees and requirements for the renewal of a license or permit (once an initial license or permit has been approved) for specified providers regulated by OHCQ. *Chapter 661* effectively authorized OHCQ to issue nonexpiring licenses to specified provider types and eliminate all related licensing fees. Mandated periodic survey and reporting requirements are unchanged. According to OHCQ, the repeal of renewal requirements impacts 18,014 providers, and the fee reduction provisions impact 4,136 providers.

Surveys and Inspections

According to the Office of the Inspector General for the U.S. Department of Health and Human Services, in 2015, OHCQ failed to investigate 648 of 867 allegations of harm at nursing homes within a required 10-day window, accounting for approximately 75% of all high-priority

complaints. Issues related to the inspection of facilities by OHCQ has long been an area of concern and the subject of legislation since 2014.

In an effort to free up additional resources within OHCQ to conduct other surveys and investigations, *Chapter 41 of 2015* modified the frequency at which OHCQ must conduct surveys or external reviews of (1) freestanding ambulatory care facilities; (2) freestanding birthing centers; (3) home health agencies; (4) health maintenance organizations (HMOs); and (5) nursing homes. The modifications reflected current practice and staffing realities for OHCQ and conformed to federal survey frequency guidelines. Under *Chapter 41*, ambulatory care facilities are surveyed at least once every six years, with 25% of facilities being surveyed every year; freestanding birthing centers are surveyed annually; home health agencies are surveyed every three years; and nursing homes are surveyed at least annually. HMOs are exempt from external review if accredited by an organization approved by the Secretary of Health.

Chapter 454 of 2018 required MDH to initiate an investigation of a nursing home complaint alleging actual harm within 10 business days. For any complaint alleging immediate jeopardy to a resident, MDH must make every effort to investigate within 24 hours and must investigate within 48 hours. MDH must also develop a data dashboard that includes specified information, which must be posted on the MDH website. OHCQ must annually receive 10 new, full-time merit positions each fiscal year beginning in fiscal 2020 and ending in fiscal 2024.

Health Insurance

In the 2015-2018 term, major trends for health insurance legislation included measures to implement the federal Patient Protection and Affordable Care Act (ACA), monitoring and providing oversight of potential and actual federal changes to health coverage in the State, and stabilizing the individual health insurance market. Legislation also established requirements relating to the coverage and reimbursement of, and cost sharing for, certain drugs, devices, and health care services; required health insurance carriers with provider panels to maintain certain network access standards; prohibited or limited the use of prior authorization, step therapy, and fail-first protocols; adopted and altered provisions regulating medical stop-loss insurance, pharmacy benefit managers, and the assignment of benefits; and made changes to the Senior Prescription Drug Assistance Program.

ACA Monitoring, Oversight, and Implementation

In response to efforts at the federal level to repeal and replace the ACA, the General Assembly passed legislation to monitor and provide limitations on changes to health coverage in the State, as well as legislation to stabilize the individual health insurance market. Legislation was also passed that altered provisions of State insurance law to conform with, and implement, the ACA.

Maryland Health Insurance Coverage Protection Commission

Chapter 17 of 2017 established the Maryland Health Insurance Coverage Protection Commission to monitor potential and actual federal changes to the ACA, Medicaid, the Maryland Children's Health Program (MCHP), Medicare, and the Maryland All-Payer Model; assess the impact of these changes; and provide recommendations for State and local action to protect access of residents of the State to affordable health coverage. The commission, which includes members of the legislature, the Executive Branch, and the public, must conduct a study that includes an examination of measures that may prevent or mitigate the adverse effects of changes to the ACA, Medicaid, MCHP, Medicare, or the Maryland All-Payer Model and the impact of the resulting loss of health coverage on the residents, public health, and economy of the State. The commission must submit a report each year on its findings and recommendations, including any legislative proposals, and will terminate on June 30, 2020.

Chapters 37 and 38 of 2018 added a member to the commission and required the commission to study and make recommendations for individual and group health insurance market stability, including whether to merge the individual and small group markets, pursue a basic health program, pursue a Medicaid buy-in program, provide subsidies that supplement premium tax credits or cost-sharing reductions, and adopt a State-based individual mandate.

Individual Health Insurance Market Stabilization

In its 2017 report, the Maryland Health Insurance Coverage Protection Commission expressed concern that the repeal of the federal penalty for not having qualifying coverage under the ACA could cause premium rates to increase to unaffordable levels, result in adverse selection as healthier individuals drop coverage, and jeopardize the viability of the individual market in 2019 if stabilization measures were not adopted in 2018. Some of the stabilization measures would require approval of a Section 1332 waiver by the Centers for Medicare and Medicaid Services, such as the adoption of a reinsurance program. Thus, the commission recommended that the State take prompt action to analyze and approve measures to stabilize the individual market, including enactment of legislation providing for implementation of the measures that would be included under a Section 1332 waiver.

Chapters 6 and 7 of 2018 required the Maryland Health Benefit Exchange (MHBE) to submit a State Innovation Waiver application for a Section 1332 waiver to establish a program for reinsurance and seek specified federal pass-through funding. The Acts also required MHBE to establish and implement the program, which is contingent on approval of the waiver application. The program must provide reinsurance to carriers that offer individual health benefit plans in the State, meet the requirements of an approved Section 1332 waiver, and be designed to mitigate the impact of high-risk individuals on rates in the individual insurance market. Based on available funds, MHBE must establish reinsurance payment parameters for calendar 2019 and each subsequent calendar year that include an attachment point, a coinsurance rate, and a coinsurance cap. Beginning January 1, 2019, funding for reinsurance through the program may be made by using any pass-through funds received from the federal government under an approved

Section 1332 waiver, any funds designated by the federal government to provide reinsurance, and any funds designated by the State to provide reinsurance to carriers.

Chapters 37 and 38 of 2018 adopted measures to stabilize the individual insurance market in the State. The Acts established, for calendar 2019 only, a 2.75% premium assessment on health insurers, nonprofit health service plans, health maintenance organizations, managed care organizations, and other specified entities. The purpose of the assessment is to recoup the aggregate amount of the health insurance provider fee that would have been assessed under the ACA for calendar 2019 but was temporarily suspended for that year by action at the federal level. The assessment must be distributed to the MHBE fund for the State reinsurance program.

In addition, *Chapters 37 and 38* established that certain health benefit plans offered by an association, a professional employer organization, or other entity, including plans issued under the laws of another state, must comply with State small group market requirements if the plans cover employees of one or more small employers in the State. The Acts also established that a policy or contract, to meet the definition of short-term limited duration insurance, must have a policy term that is less than three months, meet other specified requirements, and have coverage that may not be extended or renewed.

Limitations on and Oversight of Changes to Medicaid

Chapter 23 of 2017, among other things, generally prohibited the eligibility and benefits rules in place for Medicaid on January 1, 2017, from being altered to make it more difficult to qualify for benefits, expand beneficiary cost sharing to additional services, or impose new limitations on covered benefits. The eligibility and benefits rules may only be altered if the changes are required under federal law to qualify for the receipt of federal funds, included in legislation passed by the General Assembly, proposed in the annual State budget, or submitted in writing to the Maryland Medicaid Advisory Committee.

Selection of State Benchmark Plan

The ACA requires health plans offered to individuals and small employers to include a comprehensive set of items and services known as “essential health benefits.” The federal government delegated the authority to states to select a benchmark plan for 2017 that includes benefits and services that will constitute the essential health benefits package. *Chapter 363 of 2015* required the Maryland Insurance Commissioner, in consultation with MHBE, to select the State benchmark plan for 2017 and until the Secretary of the U.S. Department of Health and Human Services requires that a new benchmark plan be selected. The benchmark plan must meet specified criteria, such as including, for individual health benefit plans, any mandated benefits that were required in individual health benefit plans before December 31, 2011.

Termination of Maryland Health Insurance Plan

The Maryland Health Insurance Plan (MHIP) served as the State’s insurer of last resort for medically uninsurable individuals beginning in 2003. Under the ACA, this population can buy private health insurance due to elimination of preexisting condition limitations. Therefore, MHIP

ceased coverage and, as of January 1, 2015, there were no MHIP enrollees. *Chapter 321 of 2016* repealed MHIP, the board of directors for MHIP, the MHIP Fund, and the assessment on hospital rates used to operate and administer MHIP. With the exception of those that relate directly to the Senior Prescription Drug Assistance Program, all employees, books and records, real and personal property, equipment, fixtures, assets, liabilities, and credits of MHIP were transferred to MHBE on July 1, 2016. The legislation required that funds transferred from the MHIP Fund to the MHBE Fund before July 1, 2016, be used only for the State Reinsurance Program, which provided supplemental coinsurance payments to individual market insurance plans with higher cost enrollees to stabilize premiums among insurers through 2016.

Conformity to and Implementation of Federal Law

A series of bills were enacted altering State insurance law to implement the ACA. Among other changes, *Chapter 363 of 2015*, *Chapter 122 of 2016*, *Chapter 720 of 2017*, and *Chapter 665 of 2018* modified provisions that govern the offering of special enrollment periods, established requirements for student health plans, and repealed obsolete provisions. *Chapter 720* also specified that, to the extent permitted by federal law, an entity that leases employees from a professional employer organization, coemployer, or other organization engaged in employee leasing and that meets a specified description shall be treated as a small employer. There are differing standards and market requirements that apply to insurance plans offered to small and large groups under federal and State law.

Mandated Coverage, Reimbursement, and Cost Sharing

During the 2015-2018 term, the General Assembly passed legislation that established and altered health insurance coverage and reimbursement requirements for certain health care services and products. Legislation enacted during the term also prohibited health insurance carriers from imposing a copayment, coinsurance requirement, or deductible for coverage of certain health care services and products.

Infertility Services

Chapters 482 and 483 of 2015 altered the required conditions for health insurance coverage of in vitro fertilization (IVF) in order to extend the mandated benefit to same-sex married couples. For same-sex married couples, a health insurance carrier that provides pregnancy-related benefits must provide coverage for IVF if the couple has a history of involuntary infertility, which may be demonstrated by a history of six attempts of artificial insemination over the course of two years failing to result in pregnancy, and meets other specified conditions for coverage. The Acts also prohibited carriers that provide coverage for infertility benefits other than IVF from requiring, as a condition of coverage for same-sex married couples, that the patient's spouse's sperm be used in the covered treatments or procedures or that the patient demonstrate infertility exclusively by means of a history of unsuccessful heterosexual intercourse.

Additionally, the Acts clarified IVF coverage requirements for heterosexual married couples by specifying that for such couples, the patient's oocytes must be fertilized with the

patient's spouse's sperm and the couple must have a history of involuntary infertility, which may be demonstrated by a history of intercourse of at least two years' duration failing to result in pregnancy. *Chapters 325 and 326 of 2016* established an exception to the requirement that the spouse's sperm be used for the procedure if the spouse is unable to produce and deliver functional sperm and the inability does not result from a vasectomy or other method of voluntary sterilization.

Iatrogenic infertility is an impairment of fertility caused directly or indirectly by surgery, chemotherapy, radiation, or other medical treatment affecting the reproductive organs or processes. *Chapters 715 and 716 of 2018* required health insurance carriers to provide coverage for "standard fertility preservation procedures" that are performed on a policyholder or subscriber or on the covered dependent of a policyholder or subscriber and are medically necessary to preserve fertility due to a need for medical treatment that may directly or indirectly cause iatrogenic infertility. The Acts defined standard fertility preservation procedures to mean procedures to preserve fertility that are consistent with established medical practices and professional guidelines, including sperm and oocyte cryopreservation and evaluations, laboratory assessments, medications, and treatments associated with sperm and oocyte cryopreservation but not the storage of sperm or oocytes.

Contraceptive Drugs and Devices and Male Sterilization

During the 2015-2018 term, the General Assembly passed the Contraceptive Equity Act and updates to the legislation relating to coverage of male sterilization and prescription contraceptives.

The Contraceptive Equity Act: Chapters 436 and 437 of 2016 generally prohibited health insurance carriers from applying copayment or coinsurance requirements for a prescription contraceptive drug or device that is approved by the U.S. Food and Drug Administration (FDA). The legislation also required carriers to provide coverage for off-formulary prescription contraceptives that are necessary for an insured or enrollee to adhere to the appropriate use of the drug or device; male sterilization with no copayment, coinsurance, or deductible requirement; and FDA-approved contraceptive drugs that are available over the counter. In addition, the legislation required carriers, as well as Medicaid and MCHP, to provide coverage for a single dispensing of a six-month supply of prescription contraceptives with specified exceptions. The legislation also generally prohibited carriers, Medicaid, and MCHP from applying a prior authorization requirement for a prescribed FDA-approved intrauterine device or implantable rod. *Chapters 510 and 511 of 2018* extended these requirements to the State Employee and Retiree Health and Welfare Benefits Program.

Male Sterilization: In 2017, concerns were raised that provisions in *Chapters 436 and 437 of 2016* requiring coverage for male sterilization with no copayment, coinsurance, or deductible may violate the Internal Revenue Service (IRS) rules for Health Savings Account-compatible high-deductible health plans (HDHPs) which only allow the provision of preventive care benefits without a deductible. On March 5, 2018, IRS issued a notice stating that a health plan that provides benefits for male sterilization before satisfying the minimum deductible for an HDHP does not constitute an HDHP, regardless of whether such coverage is required by

state law. *Chapters 64 and 65 of 2018* authorized a HDHP to apply a deductible to coverage for male sterilization. The Acts will remain in effect until the U.S. Secretary of the Treasury or other U.S. Treasury official determines that an HDHP that meets the male sterilization coverage requirements under State law meets the qualifications for health savings account-qualified HDHPs under the safe harbor provisions for “preventive care” under the Internal Revenue Code.

Single Dispensing of Prescription Contraceptives: As noted above, *Chapters 436 and 437 of 2016* required carriers to provide coverage for a single dispensing of a 6-month supply of prescription contraceptives. *Chapter 450 of 2018* repealed this language and, instead, required carriers to provide for a single dispensing of up to a 12-month supply of prescription contraceptives with no exceptions.

Fertility Awareness-based Methods

Fertility awareness-based methods are methods of identifying times of fertility and infertility by an individual to avoid pregnancy, including cervical mucus methods, sympto-thermal or sympto-hormonal methods, the standard days method, and the lactational amenorrhea method. *Chapters 437 and 438 of 2018* required a health insurance carrier to provide coverage for instruction by a licensed health care provider on fertility awareness-based methods. With the exception of a grandfathered health plan, a carrier may not apply a copayment, coinsurance requirement, or deductible for this coverage.

Abuse-deterrent Opioid Analgesic Drug Products

An abuse-deterrent opioid analgesic drug product is a product approved by FDA with abuse-deterrent labeling that indicates the drug product is expected to result in a meaningful reduction in abuse. *Chapter 372 of 2015* required health insurance carriers that provide prescription drug coverage to provide coverage for at least two brand-name abuse-deterrent opioid analgesic drug products, each containing different analgesic ingredients, on the lowest cost tier for brand-name prescription drugs on the carrier’s formulary. Carriers must also provide coverage for at least two generic abuse-deterrent opioid analgesic drug products, if available, with each containing different analgesic ingredients, on the lowest cost tier for generic drugs on the carrier’s formulary. The Act prohibited carriers from requiring an insured to first use an opioid analgesic product without abuse-deterrent labeling before providing coverage for an abuse-deterrent product.

Additional Coverage and Reimbursement Mandates and Limitations on Cost Sharing

In addition to the legislation discussed above, the following legislation was enacted to establish or alter coverage or reimbursement requirements and limitations on cost-sharing arrangements for health care services and products:

- ***Ostomy Equipment and Supplies:*** *Chapter 23 of 2015* required health insurance carriers to provide coverage for all medically necessary equipment and supplies used for the treatment of ostomies;

- **Organ Transplantation: Chapter 383 of 2015** prohibited health insurance carriers that provide coverage for organ transplantation from denying coverage for an organ transplantation solely on the basis of an insured's or enrollee's disability (For a further discussion of this Act, see the subpart "Public Health – Generally" within this Part J – Health and Human Services of this *Major Issues Review*);
- **Habilitative Services: Chapter 371 of 2016** revised the existing mandated health insurance benefit for habilitative services by (1) expanding the definition of habilitative services to include devices, as well as services, that help a child keep, learn, or improve skills and functioning for daily living; (2) repealing a requirement that a child have a congenital or genetic birth defect to qualify for covered services; and (3) clarifying the timeframe for coverage;
- **Services by Licensed Clinical Professional Art Therapists: Chapter 219 of 2017** specified that if an insurance policy, contract, or certificate issued by an insurer or nonprofit health service plan provides for reimbursement of a service that is within the lawful scope of practice of a licensed clinical professional art therapist, the insured or any other covered person is entitled to reimbursement for the service;
- **Diabetes Test Strips: Chapter 227 of 2017** prohibited a health insurance carrier from imposing a deductible, copayment, or coinsurance requirement on diabetes test strips under specified circumstances;
- **Behavioral Health Disorders: Chapter 579 of 2017** clarified the substance use disorder benefits that health benefit plans must cover by specifying that plans must provide residential treatment center benefits and outpatient and intensive outpatient program benefits, including diagnostic evaluation, opioid treatment services, and medication evaluation and management;
- **Digital Tomosynthesis: Chapters 676 and 677 of 2017** expanded the health insurance mandate for coverage of breast cancer screenings to include coverage for digital tomosynthesis that a treating physician determines is medically appropriate and necessary;
- **Telehealth and Substance Use Disorder Counseling: Chapter 765 of 2017** established that mandated health insurance coverage for health care services appropriately delivered through telehealth must include counseling for substance use disorders;
- **Prescription Drugs and Dispensing Synchronization: Chapters 766 and 767 of 2017** required health insurance carriers that provide coverage for prescription drugs to allow and apply a prorated daily copayment or coinsurance amount for a partial supply of a prescription drug dispensed by an in-network pharmacy under specified circumstances;
- **Elevated or Impaired Blood Glucose Levels, Prediabetes, and Obesity Treatment: Chapters 432 and 433 of 2018** expanded the health insurance mandate for coverage of

medically appropriate and necessary diabetes equipment, supplies, and outpatient self-management training and educational services to apply to the treatment of *impaired* blood glucose levels induced by pregnancy and, consistent with the American Diabetes Association's standards, elevated or impaired blood glucose levels induced by prediabetes, as well as services rendered by a licensed dietician or nutritionist for the treatment of prediabetes and obesity;

- ***Lymphedema Diagnosis, Evaluation, and Treatment: Chapter 471 of 2018*** required a health insurance carrier to provide coverage for the medically necessary diagnosis, evaluation, and treatment of lymphedema, including equipment, supplies, complex decongestive therapy, gradient compression garments, and self-management training and education; and
- ***Emergency Medical Services Providers: Chapter 605 of 2018*** required the Maryland Health Care Commission and the Maryland Institute for Emergency Medical Services Systems to jointly study and make recommendations regarding the desirability and feasibility of reimbursement for emergency medical services provided by emergency medical services providers to privately insured individuals and to submit specified reports to the Governor and General Assembly.

Network Adequacy

Chapter 309 of 2016 required the Maryland Insurance Commissioner to adopt regulations establishing quantitative and, if appropriate, nonquantitative criteria to evaluate the network sufficiency of health benefit plans. The legislation required health insurance carriers that use a provider panel for a health benefit plan to annually file a network access plan with the Commissioner for review. Under the legislation, carriers must maintain standards that ensure that all enrollees, including adults and children, have access to providers and covered services without unreasonable travel or delay and ensure access to providers, including essential community providers, that serve predominantly low-income and medically underserved individuals. The legislation required the Commissioner to take into consideration certain factors when establishing criteria to evaluate network sufficiency, such as geographic accessibility of primary care and specialty providers, waiting times for an appointment, and provider-to-enrollee ratios.

The required network access plan must include specified information, including a description of the carrier's network, the process for monitoring and ensuring network sufficiency, factors used to build the provider network, and the carrier's methods for assessing the health care needs of enrollees and enrollee satisfaction with health care services provided to them. The Act also:

- required a carrier to make the carrier's updated and accurate network directory available on the Internet and in printed form on request;

- required each carrier that uses a provider panel to have a customer service telephone number, email address link, or other electronic means by which enrollees and prospective enrollees may notify the carrier of inaccurate information in the carrier’s network directory;
- altered requirements for referrals to out-of-network specialists;
- transferred oversight of health maintenance organization and exclusive provider organizations from the Secretary of Health to the Commissioner; and
- required the Commissioner to adopt regulations that specify network adequacy standards for dental services for a dental plan organization or an insurer or nonprofit health service plan that provides dental coverage.

Prior Authorization, Step Therapy, and Fail-first Protocols

Most major purchasers of prescription drugs, including commercial insurers and the pharmacy benefits managers (PBM) with which they contract, utilize prior authorization, step therapy, and fail-first protocols to control costs. Legislation passed this term prohibited the use of such measures for certain drug products.

Opioid Antagonists

Chapters 571 and 572 of 2017 limited the ability of carriers to apply a prior authorization requirement for an opioid antagonist, including naloxone hydrochloride. Under the Acts, carriers that provide coverage for prescription drugs, including coverage through a PBM, may apply a prior authorization requirement for an opioid antagonist only if the carrier provides coverage for at least one formulation of the opioid antagonist without a prior authorization requirement.

Drug Products to Treat an Opioid Use Disorder

Chapter 581 of 2017 prohibited carriers that provide coverage for substance use disorder benefits, including coverage through a PBM, from applying a preauthorization requirement for a prescription drug when used for treatment of an opioid use disorder and that contains methadone, buprenorphine, or naltrexone.

Drug Products to Treat Stage Four Advanced Metastatic Cancer

Step therapy and fail-first protocols shift patients to alternative prescription drugs to control costs by requiring an individual to try a preferred drug (usually a less costly generic) before progressing to a new drug based on the failure of the first medication to provide symptomatic relief or cure. *Chapters 678 and 679 of 2017* prohibited carriers from imposing a step therapy or fail-first protocol on an insured or enrollee for a prescription drug approved by FDA if the drug is used to treat the insured’s or enrollee’s stage four advanced metastatic cancer.

Medical Stop-loss Insurance

“Medical stop-loss insurance” means insurance, other than reinsurance, that is purchased by a person other than a carrier or health care provider, to protect the person against catastrophic, excess, or unexpected losses incurred by that person’s obligations to third parties under the terms of a health benefit plan. *Chapter 494 of 2015* increased the minimum attachment points for medical stop-loss insurance issued or delivered in the State and established consumer protection standards for medical stop-loss insurance issued to a small employer. *Chapters 201 and 202 of 2018* repealed the termination date (June 30, 2018) of these provisions, making them permanent.

Pharmacy Benefits Managers

A PBM is a business that administers and manages prescription drug benefits for purchasers. A PBM must register with the Maryland Insurance Administration (MIA) before providing pharmacy benefits management services.

Registration, Reimbursement, and Oversight

Chapter 451 of 2018 authorized MIA to require a PBM to provide additional information or submissions during the registration and renewal process. The Act also imposed specified requirements and prohibitions related to reimbursement for pharmacy services and maximum allowable cost lists. In addition, the Act provided the Maryland Insurance Commissioner with additional oversight of PBMs, including the authority to adopt regulations to establish a complaint process to address grievances and appeals.

Provision of Information

Chapters 217 and 218 of 2018 established that a PBM may not prohibit a pharmacy or pharmacist from (1) providing a beneficiary with information regarding the retail price for a prescription drug or the amount of the beneficiary’s cost share for the drug; (2) discussing the retail price or cost share with the beneficiary; or (3) if the requirements for a therapeutic interchange are met, selling the more affordable alternative to the beneficiary.

Assignment of Benefits and Payments to Providers

An assignment of benefits (AOB) is a transfer of health care coverage reimbursement benefits or other rights under a health insurance policy or contract by an insured. Legislation passed during the 2015 session made permanent AOB provisions relating to nonpreferred providers and ambulance service providers.

Nonpreferred Providers

Chapter 537 of 2010 prohibited preferred provider organization (PPO) policies provided by health insurance carriers from refusing to honor an AOB to a health care provider and imposed specific billing, disclosure, and payment rate requirements for on-call and hospital-based physicians when they are considered out-of-network by a PPO and obtain an AOB from an insured.

Out-of-network, on-call, and hospital-based physicians who obtain an AOB must refrain from collecting or attempting to collect any money, other than a deductible, copayment, or coinsurance, owed to the physician by the insured for covered services rendered. Chapter 537 included a five-year termination provision. *Chapter 79 of 2015* repealed the termination provision.

Ambulance Service Providers

Chapters 425 and 426 of 2011 required a health insurance carrier, except for a health maintenance organization (HMO), to reimburse directly an ambulance service provider that obtains an AOB from the insured for covered services provided to the insured. The 2011 legislation also required an HMO to reimburse an ambulance service provider directly for covered services provided to an enrollee. Among other provisions, the legislation prohibited an ambulance service provider that receives direct reimbursement for covered services from balance billing an insured, subscriber, or enrollee, other than to collect (1) any copayment, deductible, or coinsurance amount owed; (2) if Medicare is the primary insurer, any amount not owed by Medicare after coordination of benefits; and (3) any payment or charge for noncovered services. The legislation included a provision that would terminate the legislation on June 30, 2015. *Chapter 434 of 2015* repealed the termination provision.

Senior Prescription Drug Assistance Program

The Senior Prescription Drug Assistance Program (SPDAP) provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. SPDAP provides a premium subsidy of up to \$40 per month toward members' Medicare Part D premiums. In addition, SPDAP provides a subsidy of up to \$3,427 per year to help members pay their prescription drug costs for the coverage gap or "donut hole."

Chapter 321 of 2016 transferred administration of SPDAP to the Maryland Department of Health and established in the department a SPDAP Fund to support the administration, operation, and activities of SPDAP. In addition, *Chapters 462 and 463 of 2018* extended the termination date of SPDAP by five years through December 31, 2024. Accordingly, the current \$14.0 million cap on the subsidy required for SPDAP is extended through fiscal 2025. The Acts also repealed the additional subsidy for the Medicare Part D coverage gap and the associated funding requirement based on recent federal action to close the coverage gap or "donut hole" by January 1, 2019.

Social Services

Children

Child Care

Generally, family child care homes and child care centers may not operate in the State or advertise unless they are registered or licensed, respectively. *Chapters 183 and 184 of 2016*

prohibited a person from advertising an unlicensed child care center or unregistered family child care home. A violator is subject to a civil penalty ranging from \$250 for a first offense to \$1,000 for the third and each subsequent offense. Advertisements for child care services must include a registration or license number. Maryland State Department of Education (MSDE) employees and State and local fire marshals may visit advertised, unregistered family child care homes and unlicensed child care centers if a warning letter is sent and the child care provider is not adequately responsive. MSDE employees are also authorized to serve civil citations for violations of advertising requirements.

The Child Care Subsidy (CCS) Program provides vouchers to qualifying low-income families for child care assistance. *Chapters 209 and 210 of 2017* required MSDE to biannually conduct a market rate survey (or an alternative method allowable under federal law) in order to formulate appropriate reimbursement rates for the CCS program. *Chapters 563 and 564 of 2018* required the Governor to include funding in the annual State budget to raise CCS program reimbursement rates to certain levels. *Chapter 396 of 2018* required MSDE to administer the CCS program in accordance with federal law as it relates to unemployment. For further discussion of this issue, see the subpart “Education – Primary and Secondary” within Part L – Education of this *Major Issues Review*.

Residential Child Care Programs

As licensing agencies for residential child care programs, the Department of Human Services (DHS) and the Department of Juvenile Services (DJS) must issue a statement of need certifying public need for the location and establishment of a program in a county before a program is granted a license, an existing or previously licensed program is relocated, an existing site is expanded, or the number of placements in a program is increased. *Chapter 214 of 2015* created an exception to this process by allowing a program to relocate without a statement of need if the need for relocation is due to circumstances beyond the control of the licensee and the new site is in the same jurisdiction as, or within 10 miles of, the site being closed. *Chapter 799 of 2018* created two additional exceptions to this process. First, if there is no placement available in an existing licensed program that can provide the services needed for a child, DHS or DJS may, without a statement of need, grant a license or increase the number of placements in an existing program. Second, an existing program may relocate if the existing site of the program is in a state of disrepair that necessitates rehabilitation for the health, safety, and well-being of the residents and rehabilitation is impractical or infeasible.

Foster Youth and Unaccompanied Homeless Youth

Chapter 366 of 2015 required DHS to annually report information regarding children and foster youth in the State child welfare system to the General Assembly. The report must include certain data concerning child abuse and neglect reports and investigations, recipients of in-home services, new out-of-home placements, exits from the child welfare system, placement changes, school placements and graduation outcomes, and tuition waiver recipients.

Chapters 316 and 317 of 2013 established the Foster Youth Summer Internship Pilot Program, which required the Secretary of Budget and Management, with the assistance of the

Secretary of Human Services and the directors of local departments of social services, to coordinate internships in State agencies for foster youth. *Chapters 78 and 79 of 2016* codified the program under the primary responsibility of the Secretary of Human Services.

Foster care recipients and unaccompanied homeless youth who meet specified eligibility requirements are allowed tuition exemptions at public institutions of higher learning, including community colleges. However, such individuals are responsible for the costs of instruction if they elect to participate in a registered apprenticeship program that does not partner with a community college, as there is no tuition waiver equivalent.

Chapters 379 and 380 of 2018 established the Fostering Employment Program, jointly supervised by DHS and the Department of Labor, Licensing, and Regulation, to provide employment opportunities for foster care recipients and unaccompanied homeless youth through training that leads to industry-recognized credentials. *Chapters 379 and 380* allow foster care recipients and unaccompanied homeless youth to access training from registered apprenticeship sponsors who are not associated with a community college as well as other initiatives such as the Employment Advancement Right Now program.

Chapter 369 of 2018 expanded tuition waiver eligibility for an individual in foster care. For a further discussion of *Chapter 369*, see the subpart “Higher Education” within Part L – Education of this *Major Issues Review*.

Children in Out-of-home Placements

DHS, through its Social Services Administration, has primary responsibility for child welfare services throughout the State, which are generally provided by the local departments of social services. *Chapter 407 of 2018* established a State Medical Director for Children Receiving Child Welfare Services in DHS. The director, in consultation with local departments of social services, must develop a Centralized Comprehensive Health Care Monitoring Program that will ensure the replication of centralized health care coordination and monitoring of services across the State. Among other duties, the director must collect data, track health outcomes, assess the competency of providers, and ensure best practice medical review and evaluation of cases of suspected abuse or neglect.

A government entity may be designated as the representative payee of a child in out-of-home placement if the child’s parent or other relative is not available to serve in that role. As the representative payee, a state is required to manage the child’s benefits and to use the benefits for the current maintenance of the child. *Chapters 815 and 816 of 2018* established requirements for the management and use of Veterans Administration benefits, Supplemental Security Income (SSI) benefits, or Social Security benefits for children in the custody of DHS. For further discussion of this issue, see the subpart “Family Law” within Part F – Courts and Civil Proceedings of this *Major Issues Review*.

Disabled Individuals

Maryland Achieving a Better Life Experience Program

The federal Stephen Beck, Jr., Achieving Better Life Experience Act of 2014 allows a state (or a state agency or instrumentality) to establish and maintain a new type of tax-advantaged savings program, a qualified Achieving a Better Life Experience (ABLE) program, under which contributions may be made to an account that may be used to pay for qualified disability expenses of the designated beneficiary. The funds in this account, up to a specified threshold, do not count toward asset tests for eligibility for SSI, Medicaid, and other federal means-tested benefits.

Chapter 382 of 2015 specified the intent of the General Assembly that the State establish a Maryland ABLE program, created the Task Force on the Maryland ABLE Program, and required the task force to submit a report including recommendations for establishing a Maryland ABLE program. *Chapter 39 of 2016* generally encompassed the recommendations of that report and required the Maryland 529 Board, in consultation with the Maryland Department of Disabilities (MDOD), to establish, administer, manage, and promote the Maryland ABLE Program. *Chapter 39* also established an income tax subtraction modification for contributions to an ABLE account that is similar to the subtraction modification for contributions to existing 529 plans. Funds in ABLE accounts may not be considered for the purpose of determining eligibility to receive, or the amount of, any assistance or benefits from local or State means-tested programs.

Chapters 390 and 391 of 2018 prohibited the State, unless required by federal law, from seeking payment from a Maryland ABLE account or its proceeds for any amount of Medicaid benefits paid for the designated beneficiary. Unless prohibited by federal law, on the death of a designated beneficiary, money and assets in an ABLE account may be transferred to the beneficiary's estate or an ABLE account for another eligible individual specified by either the designated beneficiary or the beneficiary's estate. *Chapters 390 and 391* also conformed to federal law changes related to account contributions and rollovers from 529 plans.

Temporary Disability Assistance Program

The State-funded Temporary Disability Assistance Program (TDAP) was established in regulation in 2004 to help low-income, disabled adults through a period of short-term disability, or while they are awaiting approval of federal disability support. TDAP provides cash benefits to eligible individuals based on their assessed needs and subject to available funding. Under State regulations, the fiscal 2018 monthly allowable benefit amount was \$185. The fiscal 2019 budget includes funding to increase the monthly allowable benefit amount to \$195.

Chapter 408 of 2018 generally codified TDAP in DHS. In fiscal 2020, the Governor must provide sufficient funds to ensure that the value of the monthly allowable benefit is equal to at least \$215. Beginning in fiscal 2021, the Governor must provide sufficient funds to ensure that the value of the monthly allowable benefit correlates with certain percentages of the monthly allowable benefit for a one-person household receiving Temporary Cash Assistance (TCA) in each year, until reaching 100% of the specified TCA benefit in fiscal 2027, and annually thereafter.

Qualified Employees with Disabilities Tax Credit

Chapter 423 of 2015 increased the maximum value of the Qualifying Employees with Disabilities Tax Credit. Employers can claim a credit equal to 30% of the first \$9,000 of wages paid to the qualifying employee for each of the first two years of employment, and the maximum amount of eligible child care and transportation expenses that can be claimed in each of the first two years was increased to \$900.

Ethan Saylor Alliance for Self-Advocates as Educators

The Ethan Saylor Alliance for Self-Advocates as Educators within MDOD was established by *Chapters 387 and 388 of 2015* to advance the “community inclusion” of individuals with intellectual disabilities and developmental disabilities by preparing and supporting self-advocates to play a central role in educating others, particularly law enforcement, about appropriate and effective interactions with individuals with intellectual and developmental disabilities. *Chapter 520 of 2016* required the steering committee of the alliance to review, or to request the alliance to review, the content of the training objectives and curriculum adopted by the Maryland Police Training and Standards Commission for a community inclusion program.

Elderly Individuals

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. Generally, the fund supports activities to keep individuals healthy through services provided at senior centers, such as fitness and nutrition education programs, dental health programs, and disease management programs. The Maryland Department of Aging (MDoA) has also used the fund to help ensure senior centers remain open three to five days per week to support the local senior population. *Chapter 17 of 2016* increased the required annual appropriation to the fund from \$500,000 to \$750,000, conformed the definition of “distressed county” to the definition of “qualified distressed county” under the Economic Development Article, and altered the distribution methodology for funds.

Healthy Aging Program

Chapter 206 of 2017 established the Healthy Aging Program within MDoA to promote healthy aging and living by older adults at the State and local level, encourage aging safely at home and in the community, raise public awareness about healthy aging and aging safely, evaluate the need for improving existing healthy aging services, improve the quality of life and contain health care costs of older adults, and provide competitive funding grants for specified programs and services. *Chapter 206* also expanded the Secretary of Aging’s authority to accept and use State and federal funds for specified purposes related to the program.

Long-term Care

DHS is responsible for determination of some eligibility categories under Medicaid programs, including long-term care. *Chapters 202 and 203 of 2017* required DHS, on a showing that an applicant for long-term care Medicaid benefits has been unable to obtain the financial records necessary to establish eligibility, to request any necessary records from a fiduciary institution in order to verify an individual's eligibility for assistance.

The State Long-Term Care Ombudsman Program, established under federal mandate through the Older Americans Act, includes local staff and volunteers who serve as advocates for residents of adult care facilities. *Chapter 208 of 2017* aligned statute with federal regulations regarding the scope of the program and required the Secretary of Aging to consult with the State Long-Term Care Ombudsman when adopting specified regulations. *Chapter 207 of 2017* also aligned statute with federal law and regulations by altering State mandatory reporting requirements for cases of alleged or suspected abuse of a vulnerable adult to create an exception for the State Long-Term Care Ombudsman or an individual designated as an ombudsman. Under the exception, an ombudsman is prohibited from disclosing the identity of a resident or complainant unless specified consent is given as required under federal law. *Chapter 207* also provided clarifications and altered specified reporting requirements for alleged abuse of residents of health care facilities.

Homeless Individuals

Chapter 105 of 2017 transferred specified responsibilities, functions, powers, and duties related to homeless services from DHS to the Department of Housing and Community Development. For further discussion of issues related to homelessness, see the subpart "Housing and Community Development" within Part H – Business and Economic Issues of this *Major Issues Review*.

Entitlements

Supplemental Nutrition Assistance Program

The federal Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who meet income and resource requirements. Program rules and regulations are issued by the federal government. Benefits are 100% federally funded and eligible households receive a minimum benefit of \$16 per month. *Chapter 696 of 2016* required the State to provide a supplement to increase the minimum monthly benefit level to \$30 if a household includes an individual who is at least 62 years of age. The cost of the supplement is a State-only cost.

Eligibility

The federal Personal Responsibility and Work Opportunity Act of 1996 bars states from providing TCA and SNAP benefits to persons convicted of a felony for possession, use, or distribution of a controlled dangerous substance (CDS) but affords states the ability to "opt out" of the ban, which Maryland did pursuant to Chapter 671 of 2000. Individuals applying for TCA

or SNAP in Maryland who have been convicted of specified felonies involving CDS after August 22, 1996, are subject to testing and treatment for substance use for two years from the date of application. Additionally, if an individual receiving TCA or SNAP is found to be in violation of specified CDS offenses, the individual is ineligible for TCA or SNAP for one year after the date of conviction. **Chapters 792 and 793 of 2017** repealed these provisions and instead subjected TCA and SNAP recipients to the existing restrictions only if the recipients are found to be in violation of State CDS laws related to volume dealing of CDS or drug kingpins.

Under federal law, recipients of benefits provided through the Temporary Assistance for Needy Families grant, such as TCA, assign child support rights to the State. **Chapters 737 and 738 of 2017** required DHS, beginning July 1, 2019, to pass through to a family receiving TCA the first \$100 of child support collected in a month for one child and the first \$200 of child support collected in a month for two or more children. These are the highest pass-through amounts allowed under federal law. The amount passed through to the family must be disregarded in the calculation of TCA benefits.

Chapters 395 and 396 of 2017 established a Maryland Farms and Families Program within the Maryland Department of Agriculture, and a Maryland Farms and Families Fund to provide grants to nonprofit organizations that match purchases made with federal nutrition benefits – those under the Farmers Market Nutrition Program, SNAP, and the Special Supplemental Food Program for Women, Infants, and Children – at participating farmers markets throughout the State.

Utility Assistance

Chapters 696 and 697 of 2018 authorized DHS to use unexpended Electric Universal Service Program funds to establish an arrearage prevention program for low-income customers who have participated in a low-income residential weatherization program. For a further discussion of this issue, see the subpart “Public Service Companies” within Part H – Business and Economic Issues of this *Major Issues Review*.

Part K

Natural Resources, Environment, and Agriculture

Natural Resources

Land Preservation, Conservation, and Management

Program Open Space

Program Open Space (POS) acquires and improves recreation and open space areas for public use and consists of State and local components. Transfer tax revenue is the primary source of the program's funding. A significant amount of transfer tax funding that otherwise would have been distributed among POS and other land preservation programs was transferred through fiscal 2018 to help balance the State's operating budget. Those funds were partially replaced with general obligation bond funding. *Chapter 10 of 2016* took actions to restore certain funding to the special fund into which transfer tax revenues are deposited (transfer tax special fund) and ultimately to POS (which consists of State and local shares of funding) and other programs and purposes supported by the fund. The major provisions of *Chapter 10* included (1) modifications to the amount of POS funding that must be allocated for direct grants to Baltimore City for park purposes; (2) the elimination of certain required appropriations to the Rainy Day Fund; (3) establishment of several one-time funding transfers; (4) authorizing the Governor to create a one-time appropriation for the Maryland Zoo; and (5) reductions and reimbursements of several other transfers.

Statute limits the extent to which counties can use POS funds apportioned to them under the local component of POS for development or capital renewal projects on recreation and open space lands, as opposed to acquisition of recreation and open space lands. Before *Chapter 406 of 2017*, the counties could use up to 50% of their funding for development projects unless they met specified land acquisition goals, in which case they could use up to 75% for development projects for a period of five years after meeting the goals. In both cases, up to 20% of that funding authorized for use for development projects could be used for capital renewal. *Chapter 406* allowed counties that have more than 65,000 acres of land consisting of State forests, State parks, or wildlife management areas (currently Allegany and Garrett counties), and met specified land acquisition goals, to use up to 100% of the counties' future annual apportionment of POS local

funding for development projects and capital renewal. **Chapter 406** also required a review, by October 1, 2018, of the State's standard for land acquisition to determine whether adjustments should be made to the standard to encourage additional acquisition of land under POS.

Before **Chapters 660 and 661 of 2017**, up to \$3 million of transfer tax funding allocated to POS each fiscal year could be transferred to the Maryland Heritage Areas Authority Financing Fund, which supports grants and loans for projects in designated heritage areas across the State. **Chapters 660 and 661** increased that authorization, allowing up to \$6 million to be transferred, provided that any amount transferred that is over \$3 million must be provided from the State's share of funds under POS.

Chapter 407 of 2017 modified the allocation of certain POS funding for Baltimore City directed to specific projects in fiscal 2018 by (1) reducing the amounts that must be used for the Herring Run Park and Clifton Park projects; (2) requiring the use of \$300,000 for athletic field renovations at Gwynns Falls Park instead of the James Mosher Park project; and (3) requiring that \$200,000 be used for field lights and other improvements at Frederic B. Leidig Recreation Center. **Chapter 407** also required that portions of the direct grant to the city in fiscal 2019 be used for certain projects in Herring Run Park, Clifton Park, and the Frederick B. Leidig Recreation Center.

Forest Conservation

The Forest Conservation Act (FCA) establishes minimum forest conservation requirements for land development. It is administered by the Department of Natural Resources' (DNR) Forest Service but is primarily implemented on the local level, through local forest conservation programs. **Chapters 794 and 795 of 2017** clarified that local forest conservation programs may include afforestation (establishment of forested area on development tracts where there is little or no forested area) and reforestation (establishment of forested area to offset cleared forest) requirements that are more stringent than the minimum requirements under FCA.

FCA and local forest conservation programs generally apply to public or private development on areas 40,000 square feet or greater, subject to certain exceptions. **Chapter 464 of 2017** added an exception for the cutting or clearing of trees at small, public use airports in order to comply with State law regarding obstructions to air navigation.

Maryland Park Service

Chapter 389 of 2015 ratified Maryland Park Service (MPS) funding provisions included in the Budget Reconciliation and Financing Act of 2014 (BRFA) that required the Governor to include in the State budget an appropriation for MPS equal to 100% of revenues received by the Forest or Park Reserve Fund that are attributable to MPS operations (park revenues). **Chapter 389** also required that certain administrative costs be allocated from the park revenues before the appropriation of the remaining revenues in accordance with the specified percentages. **Chapter 23 of 2017**, the BRFA of 2017, clarified **Chapter 389**, requiring that, for fiscal 2019 and each fiscal year thereafter, the Governor include in the State budget an appropriation for MPS equal to 100% of the revenues *from the second preceding fiscal year*, subject to the allocation of revenues for DNR administrative costs and maintenance of any prior year closing fund balance.

A portion of revenue derived from State forests and parks is paid to the counties in which the State forests and parks are located. Counties in which State forests and parks comprise less than 10% of the total land area of the county receive 15% of the revenue derived from the State forests and parks in the county, including net revenue from concession operations. Counties in which State forests and parks comprise 10% or more of the total land area of the county receive 25% of the revenue derived from the State forests and parks, including net revenue from concession operations. **Chapter 692 of 2017** established a State Forest, State Park, and Wildlife Management Area Revenue Equity Program which, for counties meeting specified criteria, replaced the existing State forest and park revenue-sharing payments, beginning in fiscal 2019, with payments equal to the county's property tax rate multiplied by the assessed value of the State forests, State parks, and wildlife management areas in the county that are exempt from property tax.

Waters of the State

Chesapeake and Atlantic Coastal Bays

The Chesapeake Conservation Corps Program facilitates youth involvement in energy conservation and environmental efforts, and associated career opportunities for the participants, by pairing young individuals ages 18 to 25 with qualifying host organizations to undertake energy conservation and environmental projects. The corps program receives funding from, among other sources, the Chesapeake Bay Trust and the Environmental Trust Fund. State funding from the Environmental Trust Fund that is directed to the corps program for energy conservation projects increased from \$250,000 annually to \$375,000 annually under **Chapter 370 of 2015**.

The Chesapeake Bay Trust's programs and activities are funded by, among other sources, (1) sales of *Treasure the Chesapeake* commemorative license plates; (2) donations from Maryland's Chesapeake Bay and Endangered Species Fund income tax check-off program; (3) federal and State grants; and (4) private and corporate contributions. **Chapter 370** also required the Maryland Transportation Authority, in consultation with the Chesapeake Bay Trust, to report to the General Assembly by October 1, 2015, on the feasibility of establishing a donation program for the benefit of the Chesapeake Bay Trust to which E-ZPass account holders may donate. **Chapter 408 of 2015** expanded a list of the types of securities in which money of the Chesapeake Bay Trust may be invested to include marketable equity securities, marketable equity-related mutual funds, and debt-related mutual funds.

Sea Level Rise

"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. **Chapters 628 and 629 of 2018**, among other things, 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. Beginning July 1, 2019, if a State or local project will include the construction of a structure or

highway facility or the reconstruction of a structure with substantial damage, it must be constructed in compliance with Coast Smart siting and design criteria. **Chapters 628 and 629** 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.

Lakes

State Lakes Protection and Restoration Fund: There are 16 State-owned lakes in Maryland, with Deep Creek Lake being the largest. **Chapters 404 and 405 of 2017** established a State Lakes Protection and Restoration Fund, administered by the Secretary of Natural Resources, to protect and restore State-owned lakes. The fund consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. DNR must develop a working budget for the funding and, in coordination with local governments, organizations, and citizens, develop an annual work plan that prioritizes and details projects that will receive funding. **Chapter 698 of 2018** established a mandated appropriation of \$1 million to the fund for fiscal 2020 and each fiscal year thereafter until June 30, 2022, when the Act terminates. **Chapter 698** expanded the use of the fund to include the protection or restoration of State-managed lakes, and provided that the fund may be used to remove sediment, treat contaminated sediment, prevent the spread of invasive species, improve ecological and recreational value, and take any other action DNR determines necessary for the protection or restoration of State-owned or State-managed lakes.

Deep Creek Lake Buy Down Area Program: **Chapter 243 of 2015** established a Deep Creek Lake Buy Down Area Program to offer owners of properties adjoining Deep Creek Lake the right to purchase State land contiguous to their properties. The program must be administered by the Department of General Services in a manner substantially similar to a previous buy down program, and must offer to sell the land at an amount equal to the State's cost of acquiring the land plus reasonable costs and expenses incurred by the State from the sale. The parcels sold under the program must also be subject to the same covenants and restrictions as the parcels sold under the previous buy down program, including the State's retention conservation easement. The proceeds in excess of the amount used for reasonable costs and expenses must be credited to the Deep Creek Lake Recreation Maintenance and Management Fund and used by DNR only for the purchase of land that provides public access to Deep Creek Lake.

Invasive Species: The impact of nonnative species on a new environment is often unpredictable and can be destructive. In 2013, DNR biologists discovered hydrilla, an invasive weed known to impede recreational uses of waterways, in the southern portion of Deep Creek Lake. To guard against introduction of invasive species into lakes in the State, **Chapter 461 of 2015** prohibited, after April 1, 2017, an owner of a vessel from placing the vessel or having the vessel placed in a lake owned or managed by the State, at a public launch ramp or public dock, unless the owner has cleaned the vessel and removed all visible organic material. An owner of a vessel who violates the prohibition is subject to specified civil penalties. **Chapter 461** also required DNR to convene a workgroup to evaluate actions that reduce the spread of aquatic invasive species from vessels placed in lakes that are owned or managed by the State.

Excise Taxes

Vessel Excise Tax

Chapter 180 of 2013 established a \$15,000 per vessel cap on the 5% vessel excise tax, but under Chapter 180, the cap was set to terminate June 30, 2016. *Chapters 656 and 657 of 2016* made the cap permanent and required the cap to increase by \$100 on July 1 of each year beginning on July 1, 2016.

Off-highway Recreational Vehicle Excise Tax

In July 2017, the Maryland Forest Service opened the first trail on DNR lands designed specifically for off-road vehicles. *Chapter 700 of 2018* established the Off-Highway Recreational Vehicle Trail Fund for the purpose of maintaining and constructing trails for off-highway recreational vehicles on specified land that is owned or leased by DNR. The Comptroller is required to distribute a portion of the revenue from the excise tax imposed for each certificate of title issued for an off-highway recreational vehicle into the fund. Under *Chapter 700*, the Comptroller must deposit 25% of the qualifying excise tax revenue in fiscal 2019, and 50% in fiscal 2020 and each fiscal year thereafter.

Hunting and Fishing

Hunting

Sunday Hunting

Hunting game birds or mammals on Sundays is generally prohibited, but there are a number of exceptions to the prohibition, for the most part enacted and applicable on a county-by-county basis. With respect to deer hunting, the Department of Natural Resources (DNR) has indicated that Sunday hunting contributes positively to managing the State's white-tailed deer population.

Additional Sunday (deer and turkey) hunting exceptions were enacted in 2016 and 2017 that authorized (1) deer hunting on a Sunday on private property throughout all deer hunting seasons in Kent County, subject to time of day limitations during deer firearms season (*Chapter 458 of 2017*); (2) deer hunting on a Sunday on private property throughout the deer hunting season in Montgomery County, subject to certain time of day limitations (*Chapter 459 of 2017* is subject to termination on June 30, 2022); and (3) turkey hunting on private property on Sundays during the spring turkey hunting season in Carroll County and Kent County (*Chapter 180 of 2016* and *Chapter 304 of 2017*, respectively). Additionally, *Chapter 460 of 2017* clarified that a person may hunt deer under a deer management permit on Sundays throughout the year, including all deer hunting seasons.

Archery Hunting Safety Zones

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, may not shoot or discharge any firearm or other deadly weapon while hunting (subject to some variation in the size of the safety zone based on different factors), without specific advance permission of the owner or occupant. The general safety zone for hunting with a firearm or other deadly weapon is 150 yards from an occupied building or camp. In certain counties, however, smaller safety zones have been established for archery hunting.

Chapter 246 of 2016 established a smaller safety zone for archery hunting in Calvert and St. Mary’s counties of 50 yards from a building or camp occupied by human beings and *Chapters 333 and 334 of 2016* established a smaller safety zone for archery hunting of 100 yards in Anne Arundel County. *Chapter 269 of 2016* and *Chapter 443 of 2017* reduced existing smaller archery hunting safety zones in Harford and Montgomery counties, respectively, from 100 yards to 50 yards, but required an archery hunter in those counties to use a tree stand when hunting within 50 to 100 yards of buildings or camps occupied by human beings. *Chapter 123 of 2018* replaced the requirement to use a tree stand in Montgomery County with a requirement that an archery hunter instead be in an elevated position that allows the hunter to shoot in a downward trajectory.

Deer Management Permits

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 shoot deer from the designated property outside of any deer bag limits and the established deer hunting seasons, including on any Sunday throughout the year.

Chapter 147 of 2015, *Chapters 383 and 384 of 2016*, and *Chapter 110 of 2018* made changes to certain statutory provisions specific to deer management permits in Calvert, Charles, and St. Mary’s counties by (1) allowing for a breech loading center fired rifle (in addition to a shotgun) approved by DNR to be used under a deer management permit to hunt deer throughout the year, including all deer hunting seasons; (2) establishing that only the leaseholder may hunt deer on leased State-owned cropland in Calvert, Charles, or St. Mary’s counties under a deer management permit; and (3) repealing a special January through March deer hunting season in Charles and St. Mary’s counties. *Chapter 202 of 2015* authorized a permittee in Frederick County to use a rifle approved by DNR to harvest deer throughout the year, including all deer hunting seasons, and authorized the permittee’s agent to also use a rifle, subject to certain restrictions.

Chapter 460 of 2017 clarified that the general prohibition on Sunday hunting does not apply to a person hunting deer under a deer management permit on any Sunday throughout the year, including all deer hunting seasons. *Chapter 460* also modified the definition of “deer management permit” that applied in Charles and St. Mary’s counties (and ultimately Calvert County) to mean a permit issued by DNR authorizing the holder or an agent of the holder to hunt deer outside of deer hunting season to prevent damage to crops.

Hunter Safety Training/Clothing

Subject to exceptions, hunters are required to complete a course in hunter safety to obtain a hunting license, and, with certain exceptions, hunters and those who accompany, aid, or assist them are required to wear clothing that includes variations of the color daylight fluorescent orange.

Chapter 402 of 2017 (1) authorized DNR to adopt regulations to establish a program to provide incentives for the successful completion of a hunter safety course by individuals who are not required by law to complete such a course and (2) clarified the circumstances under which a person is exempt from the requirement to obtain a certificate of competency in firearms and hunter safety. *Chapters 180 and 181 of 2018* authorized hunters and those who accompany, aid, or assist them to wear clothing that includes variations of the color daylight fluorescent pink.

Deer Poaching Penalties

Deer poaching penalties were increased under *Chapters 663 and 664 of 2016*, by requiring a person convicted of poaching deer to pay the State specified restitution amounts and/or perform specified amounts of community service (as much as \$5,000 to \$10,000 in restitution and 80 hours of community service, per deer, in the case of certain antlered white-tailed deer).

Baiting Game Birds

Under federal law, a person may not hunt game birds with the aid of bait or over a baited area if the person knows or reasonably should know that the area is a baited area. *Chapter 148 of 2015* conformed Maryland law to federal law by adding the element of criminal intent that a person must know or reasonably should know that an area is baited before the person may be convicted of hunting game birds with the aid of bait or over a baited area.

Oysters

Management

In response to the oyster population in the Chesapeake Bay languishing at 1% of historic levels, decreased suitable oyster habitat, and a dwindling number of harvesters, DNR unveiled a new management and restoration plan for oysters and the State's oyster industry in December 2009. The plan increased the State's network of oyster sanctuaries from 9% to 24% of the bay's remaining quality oyster bars, established oyster aquaculture leasing opportunities and related financial assistance programs, and maintained 76% of the bay's remaining quality oyster habitat for a public oyster fishery.

Chapter 703 of 2016 required DNR, in consultation with the University of Maryland Center for Environmental Science and as part of its fishery management plan for oysters, to conduct a specified study on the oyster stock (that must include a stock assessment and development of biological reference points) and to identify management strategies to address the maintenance of a sustainable oyster population and fishery, with a final report due December 1, 2018. Soon after the enactment of *Chapter 703*, DNR completed a separate review

of the effectiveness of the location of the oyster sanctuaries, public shellfish fishery areas, and aquaculture areas, finding justification to consider adjustments to the boundaries of the management areas. **Chapter 27 of 2017**, however, subsequently prohibited DNR from reducing or altering the boundaries of oyster sanctuaries until DNR has developed a fisheries management plan for the scientific management of the oyster stock after the completion of the final report required under **Chapter 703**.

Certain other measures related to management of the public oyster fishery and to oyster gardening (private oyster growing for purposes other than sale for human consumption) were enacted to (1) clarify what boats are considered “traditional dredge boats” (requiring, among other things, that the boats be sailing vessels built in the style of a traditional Chesapeake Bay bug-eye, schooner, or skipjack) subject to commercial oyster fishery management measures unique to those vessels (**Chapter 260 of 2016**); (2) provide greater licensing flexibility to commercial oyster divers (**Chapter 518 of 2018**); and (3) allow for additional area surrounding piers, wharves, or other structures constructed on or about the water in Calvert, Howard, St. Mary’s, and Talbot counties to be used by the owner of the pier, wharf, or other structure for oyster gardening (and clarify that oysters grown through oyster gardening may not be commercially harvested, sold, or marketed for human consumption) (**Chapter 531 of 2018**).

Aquaculture

Shellfish aquaculture conducted in the State has expanded following changes to the management of aquaculture leasing starting in 2009. As of early 2018, there were over 400 shellfish aquaculture leases on over 6,500 acres.

The encroachment of submerged aquatic vegetation (SAV) on existing aquaculture leases can result in restrictions being imposed on the use of leases, due to SAV protection requirements. **Chapters 380 and 381 of 2017** required DNR, in consultation with stakeholders, to review and develop solutions to conflicts between SAV protection requirements and the promotion of aquaculture. DNR was also authorized to adopt regulations to establish standards and a process under which DNR could assess and evaluate an aquaculture lease on which SAV has encroached to determine if aquaculture activity on the lease must be restricted or prohibited due to the circumstances of the encroachment. **Chapters 380 and 381** terminated May 31, 2018.

Despite seafood and aquaculture marketing functions having been transferred from the Maryland Department of Agriculture (MDA) to DNR under Chapter 411 of 2011, as part of a consolidation of State aquaculture activities within DNR, those marketing functions were transferred back to MDA under **Chapter 101 of 2017**. At the time of the enactment of **Chapter 101**, DNR did not have staff exclusively devoted to the seafood and aquaculture marketing functions and MDA had expertise in marketing resource commodities that DNR did not. MDA also had not entirely stopped working with seafood industry partners to promote their products. Despite the transfer of the marketing functions back to MDA, responsibility for the development and overall management of aquaculture remained with DNR.

Chapter 142 of 2016 exempted the use of tidal waters for oyster aquaculture purposes from a requirement that a water appropriation and use permit be obtained from the Maryland Department

of the Environment – provided the water is returned to the same body of water from which it is appropriated – lessening the regulatory burden on a small number of oyster aquaculture operations that had required such a permit due to the design of their operations.

Oyster-related Offenses and Liability

Chapters 427 and 428 of 2011 required, if a person received a citation for specified offenses involving unlawful taking of oysters, that (1) DNR hold a hearing on the matter within 60 days after issuance of a citation and (2) after the hearing, if the presiding officer found or concluded that the offense was committed knowingly, DNR revoke the person’s authorization to catch oysters. *Chapter 520 of 2018* removed the requirement that DNR hold a hearing in all instances after issuance of a citation and instead required that a hearing be held within 90 days after the offense is committed before a person’s oyster authorization may be revoked.

Chapter 235 of 2015 and *Chapter 278 of 2016* increased protections for aquaculture leasing by establishing enhanced liability of a person, to an aquaculture leaseholder (or any agent, employee, business partner, or contractor of the leaseholder), if the person willfully, negligently, recklessly, wrongfully, or maliciously enters the leased area to harvest, damage, or transfer shellfish or to alter, damage, or remove any markings or equipment.

Management of Other Fisheries

Crabs

The earlier that commercial crabbers start catching crabs in a day means the cooler the weather in which the crabbers are working, which in turn reduces the mortality of the crab harvest. In addition, seafood dealers require commercial crabbers to deliver their crab harvest early on summer holidays so that the dealers have time to sell the crabs. *Chapters 400 and 401 of 2017* required DNR to adopt regulations that allow tidal fish licensees authorized to catch crabs using all legal gear to work one additional early hour on Labor Day, Memorial Day, July 4, and the day before each of those holidays.

Cownose Rays

Chapters 398 and 399 of 2017 required DNR to prepare a fishery management plan for the cownose ray by December 31, 2018, subject to funding made available to DNR for that purpose. The cownose ray is a migratory species that uses the Chesapeake Bay as a nursery habitat between May and October each year. *Chapters 398 and 399* also prohibited a person from sponsoring, conducting, or participating in a cownose ray fishing contest (defined as any competition, tournament, or derby with the objective of catching or killing cownose rays for prizes or other inducements or for entertainment purposes) in State waters until July 1, 2019.

Harvesting Invasive (Fish) Species

Certain measures were enacted to facilitate commercial harvesting of invasive species. *Chapters 708 and 709 of 2016* established a commercial northern snakehead bowfishing license,

authorizing a person, regardless of whether the person holds a tidal fish license to catch for sale invasive northern snakeheads in the tidal waters of the State using a bow and arrow attached to a retrieval line. *Chapter 86 of 2016*, subject to termination on June 30, 2019, authorized DNR to adopt regulations to define and govern the use of finfish trotlines as a type of commercial fishing gear – authority DNR intended to use to allow commercial harvesting of invasive blue and flathead catfish.

Licensing Modifications and Incentives

Licensing Process

The term of recreational fishing licenses in Maryland was modified under *Chapter 376 of 2015* to be one year following the date of issuance rather than through the end of the calendar year of purchase, allowing for a licensee to have the ability to use a license for a full year regardless of when it is purchased. *Chapter 85 of 2016* altered the requirements and procedures for the application for, and issuance of, hunting and fishing licenses and registrations to conform to actual practice under the online COMPASS electronic licensing system used by DNR.

License (or License Fee) Exemptions/Discounts and New License Types

A person generally must purchase a license from DNR in order to hunt game birds or mammals or to fish recreationally, subject to certain exceptions or exemptions and the availability of complimentary licenses for certain persons. For example, owners and tenants of farmland, and their family members, when hunting on the farmland, are exempt from the requirement to purchase a hunting license, and resident members of the military on leave are exempt from both hunting and recreational fishing license requirements. Persons to whom complimentary hunting and recreational fishing licenses are available include the President of the United States, state governors, game and fish officials of other states, and Maryland residents who are former prisoners of war or 100% service-connected disabled American veterans.

Certain additions or expansions of the license exemption and complimentary license provisions were made to (1) allow a retired former member of the U.S. Armed Forces to hunt on active farmland owned by a family member, without a hunting license (*Chapter 216 of 2015*); (2) make complimentary hunting and fishing licenses available to an out-of-state former prisoner of war or 100% service-connected disabled American veteran if the person's home state extends similar privileges to Maryland residents (*Chapter 295 of 2015* and *Chapters 462 and 463 of 2017*); and (3) make complimentary angler's (nontidal recreational fishing) license privileges for the President of the United States, state governors, and game and fish officials of other states also applicable to sport fishing (tidal recreational) licenses (*Chapter 117 of 2016*).

Chapters 461 and 463 of 2017 required DNR to establish programs to provide discounted hunting and recreational fishing licenses and associated stamps or permits to Maryland residents who are recipients of the Purple Heart Award. *Chapters 461, 462, and 463* all are subject to termination on June 30, 2020. *Chapter 424 of 2016*, subject to termination on June 30, 2019, established a recreational license donation program, allowing a person to purchase and donate a recreational hunting or fishing license and any corresponding stamps for issuance, free of charge,

by DNR to a gold star recipient, a disabled veteran or member of the U.S. Armed Forces, or a permanently disabled person who requires the use of a wheelchair.

New license types were also established under (1) *Chapter 260 of 2015* (subject to termination on June 30, 2018), which established a nonresident senior hunting license at half the fee of the nonresident regular hunting license and reduced the annual fee by half for the nonresident junior hunting license, and (2) *Chapter 403 of 2017*, which established an apprentice hunting license that is a one-time, nonrenewable license that allows a person to hunt under the direct supervision of a person with a nonapprentice hunting license, without the need to purchase certain additional stamps (the supervision requirement does not apply if the apprentice hunter obtains a certificate in competency in firearms and hunter safety).

Environment

Hydraulic Fracturing

The Marcellus Shale formation is a geologic feature in the Appalachian Range that has attracted significant attention from the energy industry for its rich natural gas deposits. The development of new drilling technologies, including horizontal drilling and high-volume hydraulic fracturing, have led to a boom in domestic energy production in the United States.

In June 2011, Governor Martin O'Malley established the Marcellus Shale Safe Drilling Initiative by Executive Order 01.01.2011.11 to ensure that if drilling for natural gas from the formation proceeded in the State, it would be done in a way that protected public health, safety, natural resources, and the environment. Ultimately, the study conducted under the executive order concluded that the risks to public health and the environment could be adequately managed under a stringent regulatory regime that relied on specified best practices.

State regulations for oil and gas were written before the use of high-volume hydraulic fracturing and have not been revised since 1993. Regulations informed by the study were published in the *Maryland Register* on January 9, 2015, but were subsequently withdrawn. Meanwhile, *Chapters 480 and 481 of 2015*, among other things, required the Maryland Department of the Environment (MDE) to adopt regulations to provide for the hydraulic fracturing of a well for the exploration or production of natural gas by October 1, 2016. In accordance with *Chapters 480 and 481*, MDE published hydraulic fracturing regulations in the *Maryland Register* on November 14, 2016. However, the Joint Committee on Administrative, Executive, and Legislative Review placed the regulations on hold to allow the committee to conduct a more detailed study of the regulations.

Ultimately, *Chapter 13 of 2017* was enacted to prohibit a person from engaging in the hydraulic fracturing of a well for the exploration of oil or natural gas in the State, and the regulations required by *Chapters 480 and 481* were not adopted.

Climate Change

Greenhouse Gas Reduction

The Greenhouse Gas Emissions Reduction Act of 2009 (Chapters 171 and 172) was enacted in light of Maryland's particular vulnerability to the impacts of climate change. The Act required the State to develop plans, adopt regulations, and implement programs to reduce greenhouse gas (GHG) emissions by 25% from 2006 levels by 2020. The 25% by 2020 emissions reduction requirement was set to terminate December 31, 2016, unless reauthorized by legislation.

The Act also required MDE to submit a progress report to the Governor and the General Assembly by October 1, 2015. That report, the *2015 Greenhouse Gas Emissions Reduction Act Plan Update*, indicated that although Maryland was on target to exceed the required 25% emissions reduction by 3.71 million metric tons of carbon dioxide-equivalent, more reductions would be needed to minimize the impacts of climate change. Further, the Maryland Commission on Climate Change's 2015 final report recommended adopting a goal and developing a plan to reduce GHG emissions by 40% from 2006 levels by 2030, with continued inclusion of safeguards, exemptions, studies of those exemptions, reassessment provisions, and other relevant language contained in the Greenhouse Gas Emissions Reduction Act of 2009.

Chapter 11 of 2016 established a new GHG emissions reduction requirement of 40% from 2006 levels by 2030. This 2030 reduction requirement terminates December 31, 2023. **Chapter 11** also required, among other things, the State to develop plans and adopt regulations to implement programs to achieve these reductions. MDE is required to submit its proposed 2030 GHG emissions reduction plan to the Governor and the General Assembly by December 31, 2018, and after consultation with appropriate State and local agencies, must adopt the final plan by December 31, 2019. The final plan must include adopted regulations that implement all of the plan's measures and a timeline for seeking additional legislative authority if necessary. Additionally, MDE must submit a report by October 1, 2022, and every five years thereafter, on the progress toward achieving the 2030 GHG emissions reduction goal and the reductions needed by 2050 to avoid specified climate changes, based on contemporary science. On receipt of the initial report and other specified information, the General Assembly (1) may act to maintain, revise, or eliminate the 40% reduction requirement and (2) must consider whether to continue specified provisions related to the manufacturing sector.

Maryland Commission on Climate Change

The Climate Change Commission was established by Governor Martin J. O'Malley by Executive Order 01.01.2007.07 in April 2007 to address the causes and effects of climate change in Maryland. In November 2014, Governor O'Malley signed Executive Order 01.01.2014.14 to (1) rename the commission as the Maryland Commission on Climate Change; (2) expand the membership of the commission; and (3) include the development of a plan to achieve an 80% reduction in GHG emissions by 2050. **Chapter 429 of 2015** generally codified the 2014 executive order with a few additional requirements, including (1) a requirement for the University of Maryland Center for Environmental Science to create new sea level rise projections and update

them at least every five years; (2) a requirement for each State agency to recommend regulatory or other changes to support the State’s GHG reduction efforts; and (3) a requirement that certain State agencies report on the status of programs that support the State’s GHG reduction efforts or address climate change.

Regional Greenhouse Gas Initiative

In 2007, Maryland joined the Regional Greenhouse Gas Initiative (RGGI), as required under the Healthy Air Act of 2006 (Chapters 23 and 301). RGGI is a cap-and-trade program established in conjunction with a number of northeastern and Mid-Atlantic states in an effort to reduce carbon dioxide (CO₂) emissions from the power sector. Each participating state limits CO₂ emissions from electric power plants, issues CO₂ allowances, and establishes participation in CO₂ allowance auctions. In August 2017, the participating states agreed to further reduce the program’s carbon pollution cap another 30% by 2030.

Under the 2007 formalized Memorandum of Understanding that established RGGI, a member state may withdraw from RGGI on a 30-day written notice. *Chapter 8 of 2018* restricts the State’s ability to withdraw from RGGI by requiring statutory approval from the General Assembly before withdrawing.

U.S. Climate Alliance

President Donald J. Trump issued an official statement announcing his intention to withdraw the United States from the Paris Agreement, the latest step in the evolution of the 1992 United Nations Framework Convention on Climate Change. However, the agreement has a four-year delayed exit period and thus the United States cannot fully withdraw from the agreement until 2020. In response to the federal government’s announcement of its intention to withdraw the United States from the Paris Agreement, the governors of California, New York, and Washington created the U.S. Climate Alliance – a bi-partisan coalition of states that are committed to the goal of reducing GHG emissions consistent with the goals of the Paris Agreement. On January 10, 2018, Governor Larry Hogan wrote a letter to the Executive Director of the U.S. Climate Alliance announcing that he intends to commit Maryland to participate in the alliance.

Chapter 627 of 2018 required the Governor to include Maryland as a member of the U.S. Climate Alliance by July 1, 2018, and stipulated that withdrawal from the alliance is conditional on statutory approval from the General Assembly. The Act also required the Governor to report annually, beginning December 1, 2018, on the State’s participation in the alliance, including (1) any collaborations or partnerships among alliance members or external stakeholders and (2) any policies or programs that the alliance has endorsed, undertaken, or considered.

Water Quality and Management

Bay Restoration Fund

Chapter 428 of 2004 established the Bay Restoration Fund (BRF), which is administered by the Water Quality Financing Administration within MDE. The main goal of BRF is to provide grants to owners of wastewater treatment plants to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal (ENR) technology. BRF is also used to support septic system upgrades and the planting of cover crops. As a revenue source for BRF, Chapter 428 established a bay restoration fee on users of wastewater facilities, septic systems, and sewage holding tanks.

Wastewater Account: BRF fee revenue generated from users of wastewater facilities is deposited into a separate account (Wastewater Account) and used, among other specified uses, to provide grants for up to 100% of the eligible costs to upgrade wastewater treatment plants to ENR. Between the 2015 and 2017 legislative sessions, authorized uses of the Wastewater Account were expanded as discussed below.

Chapters 366 and 367 of 2017 expanded authorized uses for fiscal 2018 through 2021 to include, after funding other specified BRF priorities, the purchase of cost-effective nitrogen, phosphorus, or sediment load reductions in support of the State's efforts to restore the health of the Chesapeake Bay. The nitrogen, phosphorus, and sediment load reductions cannot be from the agricultural sector and must be created on or after July 1, 2017. MDE must adopt specified implementing regulations and meet specified reporting requirements.

Chapters 368 and 369 of 2017 expanded the authorized uses of the Wastewater Account by altering the definition of "eligible costs" so that the costs related to upgrading a facility to biological nutrient removal (BNR), not just from BNR to ENR, are eligible for BRF funding.

Chapter 397 of 2017 authorized MDE to use funds from the Wastewater Account to award a grant to a county or municipality that upgraded a wastewater facility to ENR before July 1, 2013, if (1) the county or municipality did not receive a grant for the upgrade from BRF and (2) the customers of the wastewater facility pay the bay restoration fee. Up to \$2 million in grants may be awarded by MDE on a first-come, first-served basis through September 30, 2019.

Finally, **Chapter 153 of 2015** added to the authorized uses of the Wastewater Account, beginning in fiscal 2016, funding for up to 87.5% of the cost of projects, as approved by MDE, relating to combined sewer overflow (CSO) abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including pumping stations.

Septics Account: Of the BRF fee revenue collected from users of septic systems and sewage holding tanks, 60% must be deposited into a separate account (Septics Account) and may be used for, among other things, grants or loans for up to 100% of the cost of various septic system upgrades or modifications, including (1) the cost of upgrading septic systems to best available technology (BAT); (2) the cost difference between a conventional septic system and one that uses BAT; or (3) the cost of repairing or replacing a failing septic system with one that uses BAT.

Authorized uses of the Septics Account were also expanded, as discussed in more detail below, during the 2016 and 2018 legislative sessions.

Chapter 93 of 2016 expanded the authorized uses of the Septics Account to include providing financial assistance to low-income homeowners for up to 50% of the cost of an operation and maintenance contract of up to five years for a septic system that utilizes nitrogen removal technology. Either MDE or a local government must determine an applicant’s eligibility and the level of assistance to be provided based on the average cost of such a contract provided by vendors in the applicant’s area.

Chapter 585 of 2018, among other things, expanded the authorized uses of the Septics Account to include funding for (1) a local jurisdiction to provide financial assistance to eligible homeowners for the reasonable cost of pumping out septic systems under specified conditions and (2) in fiscal 2020 and 2021, financial assistance to a local jurisdiction to develop a qualifying septic stewardship plan. For an additional discussion of *Chapter 585*, see the section “Reducing Nutrient Pollution from Septic Systems” of this subpart “Environment.”

Priority and Eligibility: Chapter 153 of 2015 altered the priority of BRF funding beginning in fiscal 2018 by making grants for septic system upgrades, stormwater management, and CSO and sewer abatement projects of equal priority, with funding decisions made on a project-specific basis. Additionally, MDE must base its funding decisions for specified project costs on a determination of “water quality and public health benefits.” The Act also expanded the scope of local stormwater management projects eligible for BRF grants by authorizing grants to a local government that has enacted and implemented a system of charges to fully fund the implementation of a stormwater management program.

Reducing Nutrient Pollution from Septic Systems

In December 2010, the U.S. Environmental Protection Agency (EPA) established a Chesapeake Bay Total Maximum Daily Load (TMDL), as required under the federal Clean Water Act and in response to consent decrees in Virginia and the District of Columbia. The TMDL sets the maximum amount of nutrient and sediment pollution the bay can receive and still attain water quality standards. As part of the Chesapeake Bay TMDL, bay jurisdictions must develop watershed implementation plans (WIPs) that identify the measures being put in place to reduce pollution and restore the bay.

Chapter 585 of 2018 authorized the State or a local jurisdiction to count a reduction in nitrogen toward the nitrogen load reductions identified in its respective WIP from (1) upgrading a septic system to BAT if the operation and maintenance (O&M) for the septic system is current and (2) pumping out a septic system that is subject to a specified local septic stewardship plan. The Act also required MDE to convene a meeting of specified representatives to, among other things, ensure that appropriate local personnel are given access to, and training on, the Best Available Technology Management and Network, which is an online database tool for tracking the installation of BAT septic systems, O&M service visits, and various milestones.

Reducing Nutrient Pollution from Stormwater

Chapter 151 of 2012 required the 10 jurisdictions subject to a National Pollutant Discharge Elimination System Phase I municipal separate storm sewer system permit (Phase I MS4 permit) to establish a local stormwater remediation fee to assist in financing the implementation of the local MS4 permits. *Chapter 124 of 2015* made significant changes to the stormwater remediation fee provisions under Chapter 151. Notably, *Chapter 124* repealed the requirement for those jurisdictions to collect a stormwater remediation fee if certain conditions are met. Instead, those jurisdictions are authorized to collect a fee. However, those jurisdictions must still meet the requirements established under Chapter 151 to create a local watershed protection and restoration program and fund.

Regardless of whether a local jurisdiction decides to maintain or repeal its stormwater remediation fee under *Chapter 124*, the Act required each jurisdiction to file a financial assurance plan with MDE by July 1, 2016, and every two years thereafter. The plan must identify all local actions that will be required for the jurisdiction to comply with its Phase I MS4 permit, as well as the funding sources that will support those efforts, including a five-year projection of costs and revenues for permit compliance. The plan must also identify the specific actions and expenditures implemented in the previous fiscal years. For a first financial assurance plan filed by July 1, 2016, funding in the plan was sufficient if it included dedicated revenues, funds, or sources of funds to meet 75% of the projected costs of compliance with the impervious surface restoration plan requirements of the MS4 permit for the following two years. A subsequent financial assurance plan may be deemed sufficient if it includes dedicated funds to meet 100% of the projected two-year costs of compliance with the impervious surface restoration plan requirements. A local jurisdiction may not file a financial assurance plan until the local governing body holds a public hearing and approves the plan. A financial assurance plan must be made publicly available on MDE's website within a specified timeframe.

Lead

Notification of Elevated Blood Lead Level

Before the enactment of *Chapter 378 of 2017*, (1) the Secretary of the Environment was required to assist local governments, if necessary, to provide case management of children with elevated blood lead levels (EBL) greater than or equal to 15 micrograms per deciliter; (2) a local health department that received the results of a blood lead test indicating that a child younger than age six had an EBL greater than or equal to 15 micrograms per deciliter and less than 20 micrograms per deciliter had to notify the child's parents and, in the case of a child who lived in a rental dwelling unit, the owner of the rental dwelling unit; and (3) a local health department that received the results of a blood lead test indicating that a person at risk had an EBL greater than or equal to 10 micrograms per deciliter had to provide notice of the test results to the person at risk or, in the case of a minor, the parent of the person at risk and to the owner of the affected property in which the person at risk resides or regularly spends at least 24 hours per week.

Chapter 378 required (1) the Secretary of the Environment to assist local governments, if necessary, to provide case management of children with EBLs greater than or equal to 10 micrograms per deciliter, which effectively codified the practices at the time; (2) MDE or a local health department, on receipt of the results of a blood test for lead poisoning indicating that a child younger than age six has an EBL greater than or equal to 10 micrograms per deciliter, to notify the child’s parent or legal guardian and, if applicable, the owner of the rental dwelling where the child lives; and (3) MDE or a local health department, on receiving the results of a blood lead test indicating that a person at risk has an EBL greater than or equal to 10 micrograms per deciliter, to send notice of the test results to the person at risk or, in the case of a minor, the parent or legal guardian of the person at risk and to the owner of the affected rental property in which the person at risk resides or regularly spends at least 24 hours per week.

Lead in School Drinking Water

Chapter 386 of 2017 required MDE, in consultation with the Maryland State Department of Education, the Department of General Services, and 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 that is not classified as a public water system. “Drinking water outlet” is defined as a potable water fixture that is used for drinking or food preparation and includes a water fountain, faucet, or tap that is used or potentially used for drinking or food preparation and ice-making and hot drink machines. Among other things, the regulations had to (1) require initial testing to be conducted by July 1, 2018; (2) phase in the testing, as specified; and (3) establish specific follow-up actions for positive test results. **Chapter 386** also required that a waiver from the required testing be granted under specified conditions and established reporting requirements.

Product Regulation

Products Containing Plastics

Plastic Microbeads: Synthetic plastic microbeads are considered to be an effective mild abrasive ingredient used to gently remove dead skin, and can be found in various toiletry products. Opponents of the use of microbeads contend that plastic microbeads cannot be treated by conventional wastewater treatment technologies, and accordingly pose a threat to the ecosystem through ingestion by fish and other animals in the food chain. Microbeads also pose a potential public health threat from human consumption of fish and other animals that have ingested microbeads, as well as from the pollution of water supplies. **Chapter 409 of 2015** prohibited the manufacture of a personal care product containing “synthetic plastic microbeads” beginning December 31, 2017, and the sale of such a product beginning December 31, 2018. The manufacture or sale of an “over the counter drug” containing synthetic plastic microbeads is prohibited beginning December 31, 2018. Additionally, the Act required MDE to adopt regulations that identify biodegradable guidelines for wastewater treatment plants and periodically review those guidelines to ensure that the most scientifically effective methods are being used.

Plastic Products: *Chapter 374 of 2017* established a general prohibition on selling a plastic product that is labeled as biodegradable, degradable, decomposable, or any other term that implies that the product will break down, fragment, biodegrade, or decompose in a landfill or any other environment. In addition, beginning October 1, 2018, unless a product meets specified standards, a person is prohibited from (1) selling a “plastic product” in the State that is labeled as compostable or home compostable or (2) selling a “film plastic product” labeled as “soil degradable AG mulch film” or “biodegradable mulch film.” Also beginning October 1, 2018, a person who sells or distributes a compostable plastic bag or a compostable “food or beverage product” that is intended for sale or distribution by a retailer in the State must ensure that the bag or product meets specified labeling requirements. Additionally, the Act established civil penalties for violations of the chapter.

Mercury and Lead

Wheel Weights: In August 2009, EPA approved a petition to initiate a proceeding to ban the manufacture and distribution of lead wheel weights but, as of January 2017, had not taken any further actions on this rulemaking petition. *Chapter 385 of 2017* (1) phased out the sale and use of lead and mercury wheel weights in the State; (2) required the State to ensure that vehicles purchased for the State fleet after January 1, 2019, are free of lead and mercury wheel weights; and (3) prohibited a tire on a vehicle in the State fleet that is balanced or replaced after January 1, 2018, from being equipped with lead and mercury wheel weights. The Act also required that lead and mercury wheel weights that are removed and collected be properly recycled. Finally, the Act established provisions relating to enforcement.

Switches Containing Mercury: *Chapters 808 and 809 of 2017* prohibited a “marketer,” beginning October 1, 2018, from knowingly selling or providing to a consumer, either individually or as a product component, an electric switch, an electric relay, or a gas valve switch containing mercury. The Acts do not apply to an electric switch, an electric relay, or a gas valve switch that is a component of a larger product that was in use on or before October 1, 2018, under specified circumstances. The Acts also altered the definition of “marketer” to include a person who manufactures, assembles, sells, distributes, affixes a brand name or private label to, or licenses the use of a brand name on an electric switch, electric relay, or gas valve switch containing mercury. Lastly, the Acts established civil and administrative penalties and applied existing criminal penalty provisions to violations.

Agriculture

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Foundation (MALPF), which was established by the General Assembly in 1977 and is part of the Maryland Department of Agriculture (MDA), purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. In addition to funding from the State transfer tax, MALPF is funded with agricultural land transfer taxes, local matching funds, and federal grant

funds. As of the end of fiscal 2017, MALPF has acquired 2,242 agricultural preservation easements covering 304,858 acres statewide.

Use of Land under Easement

Generally, MALPF easement properties may not be used for commercial, industrial, or residential purposes unless MALPF determines the purposes are farm- and forest-related uses and home occupations or the purposes are otherwise authorized by law.

Signs or Other Outdoor Advertising Displays: *Chapter 66 of 2018* authorized a landowner, without the approval of MALPF, to erect and display on land subject to an easement acquired by MALPF a sign or other outdoor advertising display, measuring not more than four feet by four feet, for, among other things, the purpose of (1) advertising any MALPF-approved farm- or forest-related uses of the property or any home occupations that occur on the property; (2) advertising the sale of agricultural products, consistent with MALPF policies; (3) forbidding trespassing, hunting, or the destruction of property; or (4) supporting a political candidate. MALPF may authorize such signs or other outdoor advertising displays for the purpose of providing any other information consistent with the purposes of MALPF.

Special Occasion Events: *Chapter 492 of 2018* authorized a landowner to use a portion of the land subject to a MALPF easement to hold special occasion events for commercial purposes, subject to MALPF approval, any applicable regulations, and other specified conditions. An approval granted by MALPF under the Act automatically terminates on the sale or transfer of the land subject to the easement.

Lot Release – Definition of Child

A landowner whose land is subject to a MALPF easement, and who is the original seller of the easement, may apply for the release, free of easement restrictions, of a lot to construct a dwelling house for the use of the landowner or child of the landowner. For purposes of existing law governing MALPF, *Chapter 623 of 2018* defined “child” as a biological child, an adopted child, or a stepchild, and specified that “child” does not include a foster child, a grandchild, or a descendent more remote than a grandchild.

Funding of Agricultural Land Preservation Programs

A significant amount of transfer tax funding that otherwise would have been distributed among Program Open Space and other land preservation programs, including MALPF, the Rural Legacy Program, and the Heritage Conservation Program, has been transferred in recent years to help balance the State’s operating budget. Those funds have been only partially replaced with general obligation bond funding. *Chapter 10 of 2016* took various actions to restore funding to the transfer tax special fund and the programs and purposes supported by the fund. Among other things, the Act (1) reduced existing authorizations for the Governor to transfer funds from the transfer tax special fund to the general fund in fiscal 2017 and 2018; (2) mandated general fund appropriations to the transfer tax special fund in fiscal 2019, 2020, 2021, 2025, and 2029; and (3) mandated an appropriation of \$5 million in fiscal 2018 to the Maryland Agricultural and

Resource-Based Industry Development Corporation to provide grants for the Next Generation Farmland Acquisition Program. For an additional discussion of restored and increased funding under the Act, see the subpart “Natural Resources” of this Part K.

Chapter 23 of 2017, the Budget Reconciliation and Financing Act (BRFA), reduced the fiscal 2018 mandated appropriation for the Next Generation Farmland Acquisition Program from \$5.0 million to \$2.5 million and deferred the funding of the remaining \$2.5 million to fiscal 2019. *Chapter 10 of 2018*, the BRFA, mandated additional appropriations of \$2.5 million for the program in fiscal 2020, 2021, and 2022.

Federal Readiness and Environmental Protection Integration Program

The federal Readiness and Environmental Protection Integration Program (REPI) funds cost-sharing agreements with state and local governments and conservation organizations to promote compatible land uses and preserve habitats in the vicinity of, or ecologically related to, military installations. *Chapter 394 of 2017* required MALPF easements to be included as part of a partnership under REPI if (1) the land that is subject to an easement is in the vicinity of, or ecologically related to, the Atlantic Test Range; (2) the landowner whose land is subject to an easement agrees to any restrictions imposed on the easement under REPI; and (3) funding is available to MALPF to enter into an agreement under REPI. *Chapter 622 of 2018* resolved a statutory incompatibility between MALPF and REPI related to compensation for condemnation of land under an agricultural easement, which will allow MALPF to enter into agreements under REPI.

County Agricultural Land Preservation Programs

State law establishes a process through which a county may apply to the Maryland Department of Planning and MALPF for certification (subject to various criteria) as having established an effective county agricultural land preservation program. Certification makes the county eligible for additional agricultural land preservation funding, primarily the ability to retain a greater share (75% rather than 33.3%) of agricultural land transfer tax revenue collected in the county from nonwoodland transfers. *Chapter 294 of 2018*, among other things, allows for a recertification to be effective for five years rather than three years and provides counties six years rather than three years in which to use revenue received from the agricultural land transfer tax before it must be remitted to the State if not spent or committed.

Nutrient Management

Phosphorus Management Tool

The phosphorus site index is a tool that has been used in the nutrient management planning process to assess the risk of phosphorus loss from agricultural lands and determine phosphorus application rates when levels in the soil exceed a threshold established in regulation by MDA. Modification of the phosphorus site index tool is an element of the State’s Phase II Watershed Implementation Plan, the federally mandated document that outlines specific steps the State will

take to achieve the Chesapeake Bay Total Maximum Daily Load requirements established by the U.S. Environmental Protection Agency (EPA).

Accordingly, during 2013, MDA proposed regulations to replace the phosphorus site index tool with a phosphorus management tool that reflects updated science. Due to concerns raised during the public comment periods, MDA withdrew the regulations. In December 2014, after a full economic impact analysis was conducted pursuant to a requirement in the fiscal 2015 budget, MDA proposed regulations that would have phased in the transition from the phosphorus site index tool to the phosphorus management tool over a six-year period. In February 2015, MDA indicated its intent to further revise the regulations to address ongoing concerns pertaining to the impact of the implementation of the phosphorus management tool on agricultural operations.

Senate Bill 257 and House Bill 381 of 2015 (both failed) would have established provisions substantially similar to the regulations proposed by MDA in December 2014. However, in April 2015, MDA proposed new regulations to address concerns raised by the legislature, the agricultural community, and the environmental community. These regulations became effective in June 2015 and, among other things, (1) phased in the transition from the phosphorus site index tool to the phosphorus management tool over a seven-year period, beginning with crop year 2016; (2) required full implementation of the phosphorus management tool by crop year 2024; (3) prohibited the application of additional phosphorus on soils highest in phosphorus (fields with a phosphorus fertility index value of 500 or greater); (4) incorporated two potential one-year extensions in the transition schedule based on required evaluations of the infrastructure and capacity available to manage the additional manure expected as farmers transition to the next management phase; (5) added data collection, recordkeeping, and reporting requirements for farms subject to nutrient management plan requirements; and (6) established a Phosphorus Management Tool Transition Advisory Committee to conduct the required evaluations and make recommendations related to the implementation of the phosphorus management tool.

Pollinator Protection

Neonicotinoid Pesticides

Neonicotinoid pesticides are a class of commonly used insecticides that affect the central nervous system of insects. Concern has been raised about their impact on nontarget organisms, including bees and other pollinators, and the environment. EPA is reviewing the neonicotinoid class as part of a review process intended to ensure that registered pesticides continue to not have unreasonable adverse effects. *Chapters 661 and 662 of 2016* established specified restrictions, effective January 1, 2018, on the sale and use of neonicotinoid pesticides, allowing for retail sales only from certain registered dealers, and use only by certified pesticide applicators and farmers, or persons working under the supervision of a certified applicator or farmer, and veterinarians. In addition, on completion of EPA's pollinator risk assessment of four specified neonicotinoid pesticides, MDA must review the State's pesticide laws and regulations and make recommendations for any changes necessary to ensure the protection of pollinators.

Pollinator Habitat

In addition to establishing restrictions on neonicotinoid pesticides, *Chapters 661 and 662* required MDA to incorporate pollinator habitat expansion and enhancement practices into the State's managed pollinator protection plan. *Chapter 614 of 2016* required the Department of Natural Resources (DNR), the Maryland Environmental Service, and the State Highway Administration to each establish, in consultation with MDA, a specified pollinator habitat plan. The requirements for these plans were further modified under *Chapter 755 of 2017* to, among other things, restrict the use of neonicotinoid pesticides, pesticides labeled as toxic to bees or other pollinators, and seeds or plants treated with a neonicotinoid pesticide, in a specified pollinator habitat area. Finally, *Chapter 372 of 2017* required DNR, in consultation with MDA, to designate a solar generation facility as pollinator-friendly if the facility meets specified requirements, and authorized DNR to charge a fee for the designation. The owner of a solar generation facility may not claim that the facility is pollinator-friendly or that the facility provides specified benefits unless the facility has been designated as pollinator-friendly by DNR.

Industrial Hemp

The federal Farm Bill (Agricultural Act of 2014, Pub. L. No. 113-79) allows an institution of higher education or a state department of agriculture to grow or cultivate industrial hemp, notwithstanding the federal Controlled Substances Act and other federal laws. However, the growing or cultivation of industrial hemp must be for purposes of research conducted under an agricultural pilot program or other agricultural or academic research and may be conducted only if allowed under the laws of the applicable state.

Legislation was enacted in 2015 and 2016 to facilitate the growing or cultivation of industrial hemp in the State; however, these measures did not result in the establishment of an industrial hemp program in Maryland. To provide consistency with the federal Farm Bill authorization, *Chapters 475 and 476 of 2018* established an Industrial Hemp Pilot Program to be administered by MDA. It also excluded industrial hemp from the definition of "marijuana" under criminal law provisions addressing controlled dangerous substances. Under the pilot program, MDA, or an institution of higher education that submits an application to MDA, may grow, cultivate, harvest, process, manufacture, transport, market, or sell industrial hemp if the industrial hemp is grown or cultivated to further agricultural research or academic research purposes. To the extent necessary, MDA or an institution of higher education may contract with a person to grow or cultivate industrial hemp. MDA must certify and register a site that will be used to grow or cultivate industrial hemp and may charge a fee to do so.

Agritourism

According to MDA, agritourism is increasing in the State as a value added segment of agriculture, and 12 counties have defined "agritourism" in their county codes. To provide clarity and consistency, the Governor's Intergovernmental Commission for Agriculture developed a model definition of "agritourism." *Chapter 672 of 2018* codified the model definition and authorized a local jurisdiction to adopt the definition by local ordinance, resolution, law, or rule.

The Act defines “agritourism” as an activity conducted on a farm that is offered to a member of the general public or to invited guests for the purpose of education, recreation, or active involvement in the farm operation. Agritourism activities include farm tours, hayrides, corn mazes, seasonal petting farms, farm museums, guest farms, pumpkin patches, “pick your own” or “cut your own” produce, classes related to agricultural products or skills, and picnic and party facilities offered in conjunction with any agritourism activity.

Antimicrobial Drugs

A 2013 report by the federal Centers for Disease Control and Prevention (*Antibiotic Resistance Threats in the United States*) referred to antimicrobial resistance as one of our most serious health threats, and there is concern about the extent to which the use of antimicrobial drugs in animal agriculture contributes to antimicrobial resistance in humans and animals. The U.S. Food and Drug Administration issued guidance in 2012 and 2013 that (1) limits medically important antimicrobial drugs to uses in food-producing animals that are considered necessary for assuring animal health (therapeutic uses) and (2) limits such drugs to uses that include veterinary oversight or consultation. **Chapters 787 and 788 of 2017** prohibited 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. Beginning 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. The restrictions do not apply on farm operations that sell specified limited amounts of cattle, swine, or poultry per year. The Secretary of Agriculture is authorized to impose an administrative penalty for a violation.

Animal Care

Animal Shelters

Chapter 267 of 2016 required an animal shelter to establish and make publicly available a specified written veterinary care protocol for dogs and cats, a specified written protocol for reclaiming animals from the shelter, and an annual summary of specified intake and disposition data. The Act also established a civil penalty of up to \$500 for a violation of the requirements. “Animal shelter” is defined as (1) a county or municipal animal control facility; (2) an organization that contracts with a county or municipality for animal control; or (3) an organization that shelters animals and has received a grant from MDA’s Spay/Neuter Fund during the previous year. To address concerns regarding regulatory oversight and enforcement under **Chapter 267, Chapter 409 of 2017** required MDA, by January 1, 2018, to adopt specified minimum standards of care for dogs and cats in animal shelters. An animal shelter must follow MDA’s adopted minimum standards of care and the written protocol for reclaiming animals that the shelter was required to establish under **Chapter 267**. A violation of the requirements is subject to the civil penalty established under **Chapter 267**.

Adoption of Animals Used in Research

Chapter 236 of 2018 required a research facility in which dogs or cats are used for scientific research purposes to take reasonable steps to provide for the adoption of a dog or cat that is determined to be no longer needed for scientific research purposes and suitable for adoption. The steps taken by the research facility must include (1) establishing a private placement process to provide for the adoption of a dog or cat; (2) establishing a list of animal rescue organizations that are approved by the research facility and willing to take a dog or cat from the facility; and (3) offering the dog or cat to the organizations identified on the list if the research facility is unable to place the dog or cat through its private placement process. A research facility may enter into a collaborative agreement with an animal rescue organization to carry out the Act's provisions.

Part L Education

Primary and Secondary Education

State Education Aid

State aid for public education increased from \$6.1 billion in fiscal 2015 to \$6.6 billion in fiscal 2019, an increase of 7.3%, over the four-year term. This is somewhat faster growth when compared to an increase of 6.8% over the previous term. This modest acceleration in State aid is consistent with higher enrollment growth and annual growth of the per pupil foundation amount, which grew by 2.5% during the previous term and by 3.0% since fiscal 2015. Although per the Budget Reconciliation and Financing Act (BRFA) of 2010 (Chapter 484), the 1.0% cap on the per pupil foundation amount was increased to a 5.0% cap beginning in fiscal 2016, the per pupil foundation amount, which is tied to inflation, has not grown by more than 1.0% since fiscal 2016.

The growth in State spending for public education was characterized by smaller increases of 0.8% and 0.9% in fiscal 2016 and 2018, respectively, and larger increases of 2.9% and 2.6% in fiscal 2017 and 2019, respectively. This pattern is largely attributable to the Governor's decision to fund the Geographic Cost of Education Index (GCEI) at 50% in fiscal 2016 and subsequent legislation mandating 100% GCEI funding beginning in fiscal 2017; the one-year delay of the phase-in of the Net Taxable Income (NTI) Adjustment Grant during fiscal 2016; relatively high State funding of teacher retirement in fiscal 2017; considerable funding of foundation special grants beginning in fiscal 2017, including declining enrollment grants; prekindergarten supplemental grants beginning in fiscal 2018; and in fiscal 2019, both unprecedented growth in the Limited English Proficiency Program and legislative appropriations for new innovative programs under *Chapter 361 of 2018* as well as new school safety funding.

Changes in State education aid from fiscal 2015 to 2019 are shown by major program in **Exhibit L-1**. In total, funding increased by \$447.6 million and averaged 1.8% annually. As noted, \$19 million of fiscal 2019 State aid is at the discretion of the Governor. Thus, actual fiscal 2019 funding, and growth over fiscal 2018, may be somewhat less than shown in the exhibit depending on whether the Governor releases the funding. State funding includes general funds, funds from the Education Trust Fund (ETF), and, for the Aging School Program only, general obligation (GO)

bonds. The ETF receives a portion of the proceeds from video lottery terminals (VLT) and table games, totaling an estimated \$507.8 million in fiscal 2019, to support public education. ETF funds are currently allocated toward the Foundation Program. The remaining \$2.6 billion for the Foundation Program as well as the rest of the operating programs are funded with general funds. *Chapter 357 of 2018*, discussed further below, is a proposed constitutional amendment that, if approved by the voters at the 2018 general election, would require the Governor to provide ETF funding as supplemental State funding beginning in fiscal 2020 and phasing up until 100% of the ETF funding is supplemental to current spending in fiscal 2023.

Exhibit L-1
State Aid for Education
Fiscal 2015-2019
(\$ in Millions)

<u>Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Foundation Program	\$2,882.4	\$2,945.5	\$2,962.0	\$3,005.3	\$3,056.2
Net Taxable Income Grant	26.9	23.8	39.7	49.2	62.5
Tax Increment Financing Grant	0.0	0.0	0.0	0.4	0.5
Geographic Cost of Education Index	132.7	68.1	136.9	139.1	141.6
Supplemental Grant	46.6	46.6	46.6	46.6	46.6
Foundation Special Grant	0.6	0.1	19.4	0.0	13.0
Declining Enrollment Supplemental Grant	0.0	0.0	0.0	17.2	18.7
Compensatory Education Program	1,251.7	1,305.1	1,309.1	1,305.5	1,308.3
Special Education Program	271.7	276.0	279.6	284.9	290.8
Limited English Proficiency	197.7	217.2	227.0	248.7	288.0
Guaranteed Tax Base	59.4	53.8	54.5	50.3	48.2
Student Transportation	258.4	266.2	270.8	276.3	282.6
<i>Bridge to Excellence Subtotal</i>	\$5,128.0	\$5,202.3	\$5,345.7	\$5,423.6	\$5,557.0
Nonpublic Special Education	\$134.1	\$136.0	\$123.5	\$123.6	\$123.5
Prekindergarten Expansion	4.3	4.3	4.3	8.0	11.6
Prekindergarten Supplemental Grant	0.0	0.0	0.0	10.9	16.0
School Safety Grants ¹	0.0	0.0	0.0	0.0	13.1
Aging Schools ²	6.1	6.1	0.0	6.1	6.1
Other Programs ¹	91.9	72.0	65.1	74.9	90.3
<i>Direct Aid Subtotal</i>	\$5,364.4	\$5,420.7	\$5,538.6	\$5,647.1	\$5,817.7
Teachers' Retirement	\$738.6	\$729.3	\$787.0	\$734.5	\$732.9
Grand Total	\$6,103.0	\$6,150.0	\$6,325.5	\$6,381.6	\$6,550.6
Dollar Increase Over Prior Year		\$47.0	\$175.5	\$56.1	\$169.1
Percentage Increase Over Prior Year		0.8%	2.9%	0.9%	2.6%

¹ Expenditure in fiscal 2019 of \$10.0 million of the \$13.1 million in School Safety Grants and \$9.0 million in Other Programs (associated with three programs created under *Chapter 361 of 2018*) is at the Governor's discretion. Other Programs include general and special funds supporting the School for Education Evolution and Development, formulas for specific populations, infants and toddlers, innovative programs, food service, teacher development, adult education, three programs created under *Chapter 361*, and other programs.

² The Aging Schools Program is funded with general obligation bonds.

Source: Department of Legislative Services

Nearly 40% of the overall growth in State aid for public schools during the term is due to the \$173.8 million growth in the Foundation Program, resulting from enrollment increases and modest increases in the per pupil foundation amount. The \$90.4 million growth in Limited English Proficiency grants accounts for another 20% of the increase in State aid during the term. Growth in the Compensatory Education Program amounts to nearly 13% of the State aid increase in fiscal 2019 as compared to fiscal 2015. However, funding under this program has been relatively flat since fiscal 2016, largely due to declining Baltimore City free and reduced-price meal (FRPM) enrollment counts during the term.

Growth in State education aid included the addition of new programs and increases to existing programs not attributable to the primary Bridge to Excellence formulas (initiated under Chapter 288 of 2002 and since modified), though this growth is partially offset by discontinuation of funding for a few programs (Science and Math, Digital Learning, and School Wiring), and a substantial decline in teacher development and Early College Innovation funding since fiscal 2015. In total, programs and grants not under Bridge to Excellence have increased by \$24.3 million, excluding teachers' retirement payments. New grant programs during this term include Pathways in Technology Early College High (P-TECH) Schools, Linking Youth to New Experiences (LYNX) Schools, Next Generation Scholars, and Robotics. Also, heroin/opioid prevention and school safety grants are provided for in the fiscal 2019 budget, as are grants totaling nearly \$9.0 million under three new programs established under **Chapter 361**, as described below. For more detailed information about education aid by school system, see subpart "State Aid" within Part A – Budget and State Aid of this *Major Issues Review*.

Prekindergarten Funding

The Prekindergarten Expansion Act of 2014, Chapter 2, expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines (FPG) by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget included \$4.3 million for the expansion program in fiscal 2015 through 2017. In 2014, Maryland was also awarded a federal grant that provided \$15.0 million annually through fiscal 2019 to continue the expansion of public prekindergarten. In its grant application, the State committed to matching funds of \$3.7 million in fiscal 2018 and \$7.3 million in fiscal 2019 to provide access to high-quality prekindergarten to families with incomes between 200% and 300% of FPG. Pursuant to **Chapters 683 and 684 of 2016**, the Governor must include an appropriation in the budget for the amount that the State committed to fund as the State match to the federal grant in addition to the amount required under preexisting law for the State Prekindergarten Expansion Grant Program. Thus, State funding totaled \$8.0 million in fiscal 2018 and totals \$11.6 million in the fiscal 2019 budget. Under **Chapter 361**, beginning in fiscal 2020, mandatory annual State funding increases to \$26.6 million to replace the \$15 million in the federal grant that expires after fiscal 2019, thus ensuring level funding for the program.

Also, **Chapters 6 and 607 of 2017** provide eligible local boards of education with supplemental prekindergarten grants for fiscal 2018 through 2020. A local board is eligible for a prekindergarten grant if the local board offers a full-day program for all four-year olds who are

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

School Safety Grants

The General Assembly authorized \$13.1 million in new State funding for public school safety grants in fiscal 2019; however, \$10.0 million of this funding is at the discretion of the Governor, and \$2.5 million is allocated to mandatory school safety evaluations. See below for a further discussion of school safety legislation.

Declining Enrollment Grants and Other Special Grants

Chapters 515 and 516 of 2014 required the State to provide a grant in fiscal 2015 through 2017 to a local board of education if (1) full-time equivalent (FTE) enrollment is less than 5,000; (2) FTE enrollment in the current fiscal year is less than the prior fiscal year; and (3) “total direct education aid” in the current fiscal year is less than the prior fiscal year by more than 1%. The grant equaled 50% of the decrease in total direct education aid. The Governor did not provide funding for the grants in fiscal 2015, and only Kent County received funding under the grant in fiscal 2016. In fiscal 2017, the budget proposed by the Governor initially included \$5.6 million to provide aid to local school systems that have declining enrollment. This entailed \$4.0 million for Carroll County, \$1.3 million for Garrett County, and \$365,000 for Kent County. Working with the General Assembly, the Governor added \$12.7 million to Baltimore City and \$1.1 million to Calvert County for having declining enrollment and a decrease in State education aid in fiscal 2016 or 2017. In total, the fiscal 2017 budget included \$19.4 million for these grants.

Chapters 6 and 607 provide declining enrollment grants to eligible local boards of education for fiscal 2018 through 2020. A local board is eligible for an enrollment-based supplemental grant if the county’s most recent prior three-year moving average FTE enrollment is greater than the FTE enrollment in the previous school year. School systems in eight counties benefit from \$18.7 million in declining enrollment grants in fiscal 2019, an increase of \$1.4 million over fiscal 2018 grant funding. Baltimore City receives \$16.0 million of these funds, while seven counties also benefit from grants. The fiscal 2019 budget also includes a total of \$13.0 million in discretionary foundation funding. Most (\$11.2 million) of this additional funding benefits Baltimore City, while Calvert, Carroll, and Cecil counties also gain funding.

Net Taxable Interest and Tax Increment Financing Grants

Pursuant to Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using NTI for each county based on tax returns filed by September 1 and once using NTI based on tax returns filed by November 1. Each local school system then receives the higher State aid amount resulting from the two calculations. The increase in State aid was to be phased in over a five-year period, beginning in fiscal 2014. However, *Chapter 489 of 2015*, the BRFA, delayed the scheduled phase-in by one year, such that the phase-in percentage was altered from 60% to 40% in fiscal 2016, 80% to 60% in fiscal 2017, and

100% to 80% in fiscal 2018. Grant funding is fully phased in for fiscal 2019 and each year thereafter. Over the term, grants increased from a total of \$26.9 million in fiscal 2015 to \$62.5 million in fiscal 2019.

Chapter 258 of 2016 provided grants, for fiscal 2018 and 2019, to counties that established a tax increment financing (TIF) development district after May 1, 2016, and that qualified for State disparity grant funding. State education aid must be calculated twice for eligible counties: once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district. A county receives a State grant to ensure it receives the higher amount of State aid for education between the two calculations. Baltimore City received grants of \$422,000 in fiscal 2018 and \$535,100 in fiscal 2019. Under **Chapter 387 of 2018**, the termination date for the program was repealed, with additional funding for Baltimore City increasing to an estimated \$1.4 million by fiscal 2023.

Teacher Retirement

The BRFA of 2012 (Chapter 1 of the first special session) phased in school board payments of the annual normal cost for teachers' retirement over four years, with increased county maintenance of effort requirements equal to the required payments. After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. The BRFA of 2012 also established annual teacher retirement supplemental grants totaling \$27.7 million beginning in fiscal 2013. These grants are distributed to nine counties (including Baltimore City) to help offset the impact of sharing teachers' retirement costs with the counties. Because these grants are not distributed to local boards of education, these grants are considered State aid to county and municipal governments, not State aid for public schools.

Chapter 489 of 2015, the BRFA, reduced the mandated State retirement supplemental contribution from \$150.0 million to \$75.0 million in fiscal 2016 and repealed the corridor funding method for the State Retirement and Pension System (SRPS). This resulted in reductions amounting to approximately \$38.2 million in fiscal 2016 State aid for retirement payments for public school teachers and other professional personnel. State retirement costs for public school personnel increased by \$57.7 million in fiscal 2017. This increase is attributed to approximately \$47.0 million added by the Governor for teacher pensions, including a portion of the fiscal 2015 surplus in accordance with the BRFA of 2015, offset by a decrease in State teacher retirement costs due to the local school boards paying the actual normal cost starting in fiscal 2017. For an additional discussion of the changes to the pension system, see subpart "Pensions and Retirement" within Part C – State Government of this *Major Issues Review*.

Chapter 23 of 2017, the BRFA, repealed the requirement, for fiscal 2018 only, that the Governor include an appropriation to the SRPS trust fund equal to one-half of the amount by which the unappropriated general fund surplus exceeded \$10.0 million in the second preceding fiscal year, up to a maximum of \$50.0 million. Thus, State retirement aid for local school employees was reduced by approximately \$36 million in fiscal 2018. State retirement aid for local school employees totaled \$732.9 million in fiscal 2019, nearly level with the \$734.5 million total for fiscal 2018.

State Aid to Nonpublic Schools

The State provides funds to nonpublic schools through three programs: the Nonpublic Schools Textbook and Technology Program (sometimes referred to as the Aid to Nonpublic Schools Program); the Broadening Options and Opportunities for Students Today (BOOST) Program; and the Nonpublic Aging Schools Program (which was renamed after Senator James E. “Ed” DeGrange during the 2018 session). All of these programs are authorized annually through the operating or capital budget.

The Nonpublic Schools Textbook and Technology Program loans State-purchased textbooks or technology to eligible nonpublic schools. The program received \$6.0 million in annual funding from fiscal 2016 to 2019, though from fiscal 2017 to 2019, the General Assembly altered the distribution of funds so that schools with more than 40% FRPM receive \$155 per student instead of \$95. With every authorization since the 2015 session, the General Assembly has added language to require participating schools to comply with nondiscrimination provisions in Title 20, Subtitle 6 of the State Government Article, and not to discriminate in student admissions. For the fiscal 2019 authorization, due to concerns that some participating schools were not in compliance with these requirements, the General Assembly added a requirement for schools to submit their student handbooks and admission policies for review, as well as the intent that a three-year ban from the program for schools be implemented beginning with the year a school is found ineligible. *Chapter 10 of 2018*, the BRFA, also reduced the appropriation for the program in fiscal 2018 for schools found ineligible and specified that any school deemed ineligible for the BOOST Program by the BOOST Advisory Board was also ineligible for the Aid to Nonpublic Schools Program.

The BOOST Program provides scholarships for students eligible for FRPM to attend nonpublic schools already participating in the Nonpublic Textbook and Technology Program. Therefore, all nondiscrimination requirements for Nonpublic Textbook and Technology Program in a given year also apply to the BOOST Program, as well as programs for nonpublic school construction that share identical requirements. The BOOST Program was authorized in *Chapter 143 of 2016, Chapter 150 of 2017, and Chapter 570 of 2018*. Funding has increased gradually for the program over time, with \$4.9 million being provided in fiscal 2017, \$5.5 million in fiscal 2018, and \$7.0 million in fiscal 2019. Additionally, authorization was given for fiscal 2018 and 2019 to use any unused BOOST funding from the previous year. According to the annual authorizing language, scholarship amounts and distribution of scholarships are determined by the BOOST Advisory Board, while the program is administered by the Maryland State Department of Education (MSDE). With every annual authorization, the General Assembly has added additional requirements for the BOOST Program. For the fiscal 2018 administration, this included requiring the submission of data by schools on certified teachers, standardized assessments, and student demographics by a specified date in order to participate in the program; making students who received BOOST scholarships in the previous year eligible for renewal awards; and for new awards, giving priority to students who had attended public school in the previous year. For the fiscal 2019 administration, new requirements included specifying that schools must administer standardized assessments from the list published for the National Blue Ribbon Schools Program; \$600,000 of the authorized funding must provide higher scholarship

awards to students with special needs; and the BOOST Advisory Board must make recommendations on encouraging nonpublic schools to admit students with special needs.

Public School Construction

Following the enactment of the Public School Facilities Act of 2004 (Chapters 306 and 307), the State provided more than \$250 million annually to meet the goal that a minimum of \$3.85 billion be provided to fund school facility needs by fiscal 2013 (\$2.0 billion provided by the State and \$1.85 billion by local governments). The goal was exceeded and, since fiscal 2013, the State has continued to provide more than \$250 million annually. During the 2015 to 2018 term, as shown in **Exhibit L-2**, a total of more than \$1.5 billion was provided from fiscal 2016 to 2019. This includes \$1.3 billion in new GO bond authorizations (including supplemental funding for school systems with significant enrollment growth and relocatable classrooms, as described below), \$146.1 million in previously authorized contingency funds, and \$35.0 million in pay-as-you-go (PAYGO) funding. These totals include annual school construction funding amounts increased from \$338.2 million in fiscal 2016 to over \$435.1 million in fiscal 2019, which is consistent with the new goal set by **Chapter 14 of 2018** (discussed further below) that the State should provide at least \$400 million in school construction funding annually.

Due to concerns over cold temperatures leading to school closings in Baltimore City, the fiscal 2019 capital budget included an additional \$15 million for Baltimore City for heating, ventilation, and air conditioning improvements as PAYGO from bond premiums. **Chapter 561 of 2018** established the Healthy School Facility Fund within the Interagency Commission on School Construction (IAC) (formerly known as the Interagency Committee on School Construction) to provide grants to public schools to improve the health of school facilities and required the Governor to appropriate \$30 million to the fund in fiscal 2020 and 2021. Grants must be awarded based on the severity of facility issues in the school, including air conditioning, heating, indoor air quality, temperature regulation, and windows. The fiscal 2019 capital budget also included \$23.5 million in PAYGO funding allocated from bond premiums for school security improvements (\$20 million for public schools shown in Exhibit L-2, and \$3.5 million for nonpublic schools). School safety is discussed further below.

Exhibit L-2
Fiscal 2016-2019 Public School Construction Funding
(\$ in Thousands)

<u>LEA</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2016-2019</u>
Allegany	\$10,837	\$24,242	\$12,873	\$3,950	\$51,902
Anne Arundel	39,419	42,598	36,829	28,832	147,678
Baltimore City	36,788	37,500	37,303	68,735	180,326
Baltimore County	42,177	45,775	45,186	41,865	175,003
Calvert	1,500	9,964	14,575	9,763	35,802
Caroline	2,902	36	1,646	423	5,007
Carroll	6,415	3,418	3,853	6,853	20,539
Cecil	4,723	6,650	6,730	5,152	23,255
Charles	12,817	8,951	10,516	14,856	47,140
Dorchester	179	5,009	10,975	11,026	27,189
Frederick	21,000	21,295	19,564	19,178	81,037
Garrett	0	0	1,567	0	1,567
Harford	9,309	8,732	13,592	12,278	43,911
Howard	27,820	31,206	21,066	10,373	90,465
Kent	615	0	0	0	615
Montgomery	45,708	50,128	59,194	59,714	214,744
Prince George's	41,729	44,675	49,625	49,032	185,061
Queen Anne's	0	249	2,455	806	3,510
St. Mary's	7,015	1,273	815	6,347	15,450
Somerset	2,222	1,771	14,720	17,500	36,213
Talbot	308	0	0	8,390	8,698
Washington	8,404	4,847	2,592	12,042	27,885
Wicomico	7,440	10,373	11,847	9,971	39,631
Worcester	72	0	0	4,336	4,408
MD School for the Blind	8,616	6,000	9,376	14,000	37,992
Statewide	175	300	500	20,000	20,975
Total	\$338,190	\$364,992	\$387,399	\$435,422	\$1,526,003
GO Bonds/PAYGO	\$300,000	\$320,000	\$342,500	\$417,100	\$1,379,600
Contingency	38,190	44,992	44,900	18,322	146,404

GO Bonds/PAYGO: general obligation bonds and pay-as-you-go

MD: Maryland

LEA: local education agency

Notes: Numbers may not sum due to rounding. Statewide includes \$20 million in fiscal 2019 for school safety initiatives, which will be allocated to LEAs by the Interagency Commission on School Construction at a later date. Fiscal 2017 and 2018 allocations for Baltimore County reflect initial authorization of \$5 million in fiscal 2017, which was withheld by the Board of Public Works and reauthorized by the General Assembly in fiscal 2018. Counties with \$0 did not request funding in that year. LEA allocations include funds allocated under the Significant Enrollment Growth and Relocatable Classrooms Program, but do not include the Aging Schools Program or Qualified Zone Academy Bond Program.

Source: Public School Construction Program; Department of Legislative Services

From fiscal 2016 to 2019, the State also authorized \$18.3 million for the Aging Schools Program, \$17.5 million for Nonpublic Aging Schools (including the \$3.5 million for school safety improvements as described below), and \$14.1 million provided as Qualified Zone Academy Bonds (QZAB).

In addition, the State has provided \$20 million annually from lottery revenues since fiscal 2016 to support debt service for the Baltimore City School Construction and Revitalization Program established by Chapter 647 of 2013. To date, 2 schools have opened under the program, 7 schools are currently undergoing construction, and 17 schools are undergoing design development/feasibility studies.

Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms

Chapter 355 of 2015 established the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms. Counties with enrollment growth that exceeds 150% of the statewide five-year average growth or counties that have an average of more than 300 relocatable classrooms over five years are eligible for funding under the program. Eligible counties will receive a share of the grant in proportion to their enrollment and must match the grant by the same local share that is required for other school construction projects. *Chapters 665 and 666 of 2016* increased from \$20 million to \$40 million the amount to be provided annually for the program. The General Assembly increased the allocation beyond the statutory requirement by \$22.5 million in fiscal 2018 (total of \$62.5 million) and \$28.2 million in fiscal 2019 (\$68.2 million total) in the capital budget. These allocations are included in Exhibit L-2.

Qualified Zone Academy Bonds

QZABs are an alternative bond program that the federal government authorized in 1997, with bond holders receiving federal tax credits in lieu of interest. *Chapter 401 of 2015* authorized \$4.6 million in QZABs, *Chapter 198 of 2016* authorized \$4.7 million in QZABs, and *Chapter 32 of 2017* authorized \$4.8 million in QZABs and granted the proceeds to IAC and MSDE for the renovation, repair, and capital improvements of qualified zone academies, including public charter schools, as defined in the federal Internal Revenue Code. After being reauthorized multiple times by the federal government, the QZAB program was allowed to lapse in 2017. In total, Maryland issued \$106.4 million in QZABs throughout the life of the program.

Statewide Education Policy

Commission on Innovation and Excellence in Education

The concept of “adequacy” is based on determining the level of resources that is necessary for all public school students to have the opportunity to achieve academic proficiency standards. Chapter 288 of 2002, the Bridge to Excellence in Public Schools Act, which established new primary and secondary State education aid formulas based on adequacy cost studies and other education finance analyses, required MSDE, in consultation with the Department of Budget and

Management (DBM) and the Department of Legislative Services (DLS), to contract with a consultant to conduct a follow-up study of the adequacy of education funding in the State approximately 10 years after its enactment. After legislation in 2011 and 2012 delayed the beginning of the study and required additional reports to be included in the study, work on the adequacy study began in June 2014 and finished in November 2016.

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten. The commission members were appointed during summer 2016, with former University System of Maryland Chancellor Dr. William "Brit" Kirwan appointed to serve as chair of the commission. In a report completed in January 2018, the commission submitted its preliminary policy recommendations (59 in total). It also stated its intention to work during the 2018 interim to develop greater specificity for each recommendation in order to "cost out" their fiscal impact, thereby allowing the commission to make recommendations for adequate funding in its final 2018 report.

In addition to other provisions discussed below, which reflect preliminary recommendations of the commission, **Chapter 361 of 2018** extended the deadline for the commission to complete its work to December 31, 2018, extended the term of the commission until May 31, 2019, and established the Commission on Innovation and Excellence in Education Fund, a special, nonlapsing fund intended to assist in providing adequate funding for early childhood and primary and secondary education based on the final recommendations of the commission. The Comptroller is required to make a one-time distribution of \$200 million in income tax revenue in fiscal 2019 to the fund in order to make a down payment on the cost of implementing the final commission recommendations.

Chapter 361 established four new innovative programs: a comprehensive teacher recruitment and outreach program; the Learning in Extended Academic Programs (LEAP) grant program; the Maryland Early Literacy Initiative; and the Career and Technology Education (CTE) Innovation grant program and mandated funding for the programs. It also mandated at least \$2.0 million annually for the Teaching Fellows for Maryland Scholarship, which was established by Chapters 542 and 543 of 2014 but had not been funded, and made changes to the scholarship. Combined, a total of \$11.0 million in funding is authorized in fiscal 2019 for these programs, including the reallocation of \$4.5 million; however, the transfer of funds for these purposes is at the discretion of the Governor.

The LEAP grant program is intended to provide a grant to public schools in which at least 80% of students qualify for FRPM to provide extended academic programming that has a positive measurable impact on or enriches the academic performance and overall well-being of students who are at risk of falling behind academic requirements. The Maryland Early Literacy Initiative

is intended to assist up to 50 Title I public schools in at least three counties to implement an evidence-based literacy program to work with specified students to meet literacy targets. The CTE Innovation grant program funds partnerships to develop and implement an innovative CTE curriculum framework and pathway that includes the United States and international best practices.

In addition, beginning in fiscal 2020, the Governor must annually appropriate to the Prekindergarten Expansion Fund an amount that is at least equal to *all* revenues received in the prior fiscal year. Finally, the Act expanded the scope of a study of the individualized education program process in Maryland required by *Chapter 715 of 2017* and extended the due date for the study.

Commercial Gaming Revenues

Established during the 2007 special session, the Education Trust Fund is a nonlapsing, special fund to be used for continued funding of the Bridge to Excellence in Public Schools Act of 2002 formulas and programs, as well as other programs. A portion of the proceeds from VLTs and table games is dedicated to the Education Trust Fund. *Chapter 357 of 2018* is a proposed constitutional amendment that, if approved by the voters at the 2018 general election, requires the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total at least \$125 million in fiscal 2020, \$250 million in fiscal 2021, and \$375 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. This supplemental funding is in addition to the State funding provided through the Bridge to Excellence in Public Schools Act. Beginning in fiscal 2020, the Governor must identify in the annual State budget how the revenue is being used to supplement spending on public schools. The legislation also repealed the constitutional provision specifying that capital projects at community colleges and public senior higher education institutions are among the purposes for which revenue from VLT facilities is raised.

21st Century School Facilities Commission

The 21st Century School Facilities Commission, established by the Presiding Officers in 2016, was charged with multiple responsibilities, including (1) identifying areas where innovative financing mechanisms can be used for construction; (2) determining areas for efficiencies and cost-saving measures for construction and maintenance; and (3) reviewing the relationship between State agencies and local governments. The commission released its final report in December 2017, which included five major conclusions and 36 recommendations.

Under current law, subject to the final approval of the Board of Public Works (BPW), IAC manages State review and approval of local school construction projects. However, in several years, including most recently in fiscal 2018 and 2019, capital budget bill language provided that IAC makes the final funding allocations.

Chapter 14 of 2018, the 21st Century School Facilities Act, made comprehensive changes to school construction funding and approval processes that, with the exception of provisions

related to IAC, were based largely on the recommendations of the commission. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2018 session and the bill became law. The Act (1) altered the name, composition, and role of IAC; (2) required periodic public school facilities assessments; (3) streamlined the State approval process for school construction projects; (4) established an annual goal that at least \$400 million for public school construction be provided as soon as practicable; and (5) included a requirement that \$10 million for school safety improvements be provided annually beginning in fiscal 2019.

The Interagency Committee on School Construction was renamed the Interagency Commission on School Construction (still referred to as IAC) and made an independent commission within MSDE. IAC's membership was expanded from five to nine members, which includes four additional public members: two appointed by the Governor; and two appointed by the Presiding Officers (one each). BPW's authority to grant final approval with respect to public school construction projects was transferred to IAC.

By July 1, 2019, IAC must complete an initial statewide facilities assessment based on sufficiency standards it develops and then update the assessment data regularly. A workgroup, which includes legislators and representatives of State and local governments, must then consider how to use the results of the assessment in making school construction funding decisions. Based on the workgroup's recommendations, IAC must adopt regulations no earlier than May 1, 2020, that establish the use of facility assessment results in annual school construction funding decisions beginning no earlier than fiscal 2021.

The Act expressed legislative intent that the State should provide at least \$400 million for school construction each year, which can be phased in over several years. The annual goal should be recalculated to reflect the initial school facility assessment and the findings of the facilities assessment workgroup. The Act also mandated the School Safety Grant program to be administered by IAC to provide \$10.0 million in annual grants to local school systems for security improvements beginning in fiscal 2019. Although \$10 million was mandated, the fiscal 2019 operating and capital budgets reserve a total of \$20.0 million for these grants.

The Act generally maintained existing IAC review and oversight of educational specifications and schematic designs, but reduced State oversight of design and construction documents for specified types of public school construction projects. Change orders for major construction projects and systemic renovation projects and most projects funded entirely by local funds are no longer reviewed by the Department of General Services (DGS) or approved by IAC. In addition, DGS, with the review and approval of IAC, must develop a certification process by which a local school system may be exempt from IAC/DGS review of educational specifications, schematic designs, and design and construction documents; and IAC oversight of compliance with preventative maintenance schedules, for which the Act required local school systems to develop and report to IAC on implementation of those schedules. Systems that successfully complete the certification process must be exempt for five years, which is renewable. The Act also made changes to increase the efficiency of the procurement of public school construction services.

The Act required IAC to establish incentives for local school systems to construct net-zero buildings, as defined by the Act; use energy efficient or other preferred materials in public school construction; and use prototype school designs. It further required IAC to develop mechanisms and incentives for regional school construction projects, such as public-private partnership zones and CTE high schools, and make recommendations to the Commission on Innovation and Excellence in Education by July 1, 2018.

Finally, the Act also established a revolving loan fund to provide loans to local governments to forward fund the local share of school construction projects, expands allowable alternative financing methods for public school buildings, and establishes a workgroup to examine the space guidelines and square footage allocations that determine eligibility for State support for public school construction projects.

Alternatives and Enhancements to the Traditional Public School Model

Public Charter Schools: The Maryland Public Charter School Program was enacted in 2003 to enable individuals and organizations to apply to a county board to establish a public charter school in the State. *Chapter 311 of 2015*, the Public Charter School Improvement Act, altered existing State law regarding the establishment and operation of public charter schools in the State. These changes included altering the lottery and student placement policies such that a public charter school could give greater weight to certain students and could designate a geographic attendance area under certain circumstances; expanding the operating flexibility of certain public charter schools that meet certain age, management, and student achievement requirements; repealing the State Board of Education (SBE) role as a primary or secondary public chartering authority and making a county board of education the sole public chartering authority; and altering the process for applying to establish a public charter school, approving a public charter school, and obtaining waivers to State or county policies. *Chapter 311* also altered policies related to employees at public charter schools by including county boards in the process to negotiate amendments to existing collective bargaining agreements to address the needs of a particular public charter school and requiring that the professional staff of a public charter school be subject to the same certification provisions as other public schools.

The legislation also required MSDE, in consultation with DLS, to contract for a study of the amount of funding provided to public charter schools and traditional public schools by local school systems. The results of the study were submitted in December 2016.

Public School Opportunities Enhancement Program: *Chapter 32 of 2016* established the Public School Opportunities Enhancement Program and Grant, which required MSDE to develop and administer a grant program to assist local school systems, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to assist nonprofit organizations in the State and community schools in expanding or supporting existing educational programming during the school day. Grants must be allocated to grantees based on the number of qualifying schools in each county, which are those in which at least 50% of their students qualify for a free lunch under the National School Lunch Program. For fiscal 2018 through 2021, the Governor was required to include \$7.5 million

annually in the State budget for the program. **Chapter 23**, the BRFA, reduced this appropriation to be \$2.5 million in fiscal 2018 but left the appropriation as \$7.5 million in fiscal 2019 through 2021. **Chapter 361 of 2018** altered the appropriation for this program to be \$3.0 million in fiscal 2019 and for each fiscal year thereafter. **Chapter 361** further specified that a grantee that remains eligible for the program shall receive a grant in the next fiscal year in an amount equal to the grant amount in the current fiscal year.

Maryland Education Development Collaborative: Chapter 849 of 2017 established the Maryland Education Development Collaborative (EDCO) to act as a think tank to study, advise, promote, and support public schools in developing programs that enhance twenty-first century learning and socioeconomic diversity among students. EDCO was designed to disseminate information on best practices, programs, and resources; provide technical assistance and training to local school systems and public schools; and develop a database of evidence-based programs existing in the State's public schools that enhance learning and diversity, among other duties.

Assessments, Testing, and Accountability

SBE, the State Superintendent of Schools, each local board of education, and each public school must implement a program of education accountability for the operation and management of the public schools. SBE and the State Superintendent must implement specified assessment programs in reading, language, mathematics, science, and social studies.

Use of Assessments and Testing Time: Chapter 421 of 2015 established the Commission to Review Maryland's Use of Assessments and Testing in Public Schools. In July 2016, the commission issued a report on its findings and recommendations. Each local board and SBE were required to review, consider, and submit comments and recommendations on the commission's findings and recommendations. MSDE was also required to survey and assess how much time is spent in each grade and in each local school system administering mandated assessments and compile the results of the assessment and review into a document comparable across all local school systems, which was submitted in August 2015 and subsequently reviewed by local boards, SBE, and stakeholder groups.

Chapter 264 of 2016 required each local board of education to provide specified information for each locally, State, or federally mandated assessment administered in a local school system that is intended to measure a student's academic readiness, learning progress, and skill acquisition. By October 15 of each year, this information must be updated, posted on the website of the local board, and included in the annual update of the local board's master plan.

Social Studies Assessments: Chapter 477 of 2012 required MSDE, by the 2016-2017 school year, to develop and implement middle and high school social studies assessments if SBE determined that the Partnership for the Assessment of Readiness for College and Career (PARCC) does not adequately measure skills and knowledge of the social studies curriculum. Upon review of the 2014-2015 PARCC results, SBE determined that PARCC does not adequately measure a student's social studies skills and knowledge. However, given that the full PARCC results were not released until January 2016, **Chapter 264** gave MSDE an extension until the 2017-2018 school year to develop and implement appropriate social studies assessments that adequately measure the

skills in the social studies curriculum. *Chapter 731 of 2017* required the middle school and high school social studies assessments to meet certain criteria and be implemented within a certain timeframe.

Limitations on Mandated Assessments: *Chapter 731* also required local boards of education and exclusive employee representatives for teachers in the local school systems to meet and confer regarding school assessments and, by December 1, 2017, and every two years thereafter, mutually agree to a limited amount of time that may be devoted to federal, State, and locally mandated assessments for each grade. The legislation provided a limit on the time that may be devoted to certain assessments equal to a percentage of the minimum required annual instructional hours for the grade.

Kindergarten Assessments: Following two administrations of the Kindergarten Readiness Assessment (KRA) and despite improvements following the initial administration, feedback to MSDE indicated that there were a number of concerns with the KRA. *Chapters 273 and 427 of 2016* required a statewide kindergarten assessment that is administered to measure school readiness to be limited to a random sample of kindergarten students from within each local school system as determined by MSDE. The legislation authorized a county board of education, or principal and teacher who mutually agree, to administer a statewide kindergarten assessment if it is completed by October 1 and the aggregate results are returned within 45 days. A school psychologist or other school-based professional may administer a statewide kindergarten assessment to a prekindergarten student if the results are intended to be used to identify a student's disability. Otherwise, the legislation prohibited a statewide kindergarten assessment from being administered to a prekindergarten student.

Prekindergarten Assessments: *Chapters 333 and 334 of 2017* authorized a county board to administer an early learning assessment to enrolled prekindergarten students in the county after consultation with prekindergarten teachers. Otherwise, the legislation authorized the early learning assessment to be administered to prekindergarten students only to identify a disability.

Administration of Assessments: Prior to the enactment of *Chapters 383 and 384 of 2018*, MSDE testing policy, which is overseen by SBE, required that school test coordinators (STC) and test administrators be certificated education professionals. School-based administrators, including principals, had the autonomy to select STCs from the pool of qualified individuals. STCs then, in turn, select qualified individuals as test administrators to administer State assessments. *Chapters 383 and 384* authorized the principal of a public school to select any employee to administer an assessment unless a multistate assessment consortium in which the State participates requires certificated education professionals to administer the assessment, subject to the review and approval of the local superintendent.

Accountability: The Every Student Succeeds Act (ESSA) is the most recent re-authorization of the federal Elementary and Secondary Education Act (ESEA), which provides federal funds for elementary and secondary education. Under the previous authorization of ESEA, known as No Child Left Behind, each state educational agency (SEA) was required to hold schools accountable based solely on results on statewide assessments and one other academic indicator.

Under ESSA, each SEA is required to have an accountability system that is state-determined and based on multiple indicators, including at least one indicator of school quality or student success and, at a state's discretion, an indicator of student growth. ESSA also significantly modified the requirements for differentiating among schools and the basis on which schools must be identified for comprehensive or targeted support and improvement.

Chapter 29 of 2017 required the State's educational accountability program to include at least three school quality indicators that measure the comparative opportunities provided to students or the level of student success in public schools. One of the school quality indicators must be school climate surveys, and the other school quality indicators may include class size, case load, opportunities for dual enrollment, and chronic absenteeism, among other things. The school quality indicators used may not be based on student testing. Of the academic indicators established by SBE, one must be access to or credit for completion of a well-rounded curriculum that is indicative of on-track progress at key transition points within elementary and secondary education. The legislation required SBE to establish a composite score that includes both academic and school quality indicators that provide for meaningful differentiation of schools. The legislation specified that the composite score must incorporate certain information and be calculated and reported in a certain manner.

Chapter 29 also established requirements and a process for developing, approving, implementing, and monitoring comprehensive and targeted support and improvement plans for public schools. The legislation provided a process for the local school board or MSDE to intervene if student outcomes at a public school with a plan have not improved, depending on whether the outcomes have not improved after a two- or three-year period.

Student Data Governance

As many public schools and school systems incorporate technology into the classroom to aid in student learning, including personalized and targeted learning, many types of a student's personal information are made available to operators of online and application services technology providers. *Chapter 413 of 2015*, the Student Data Privacy Act, required an operator of specified websites, online services, online applications, and mobile applications designed primarily for a preK-12 school purpose to protect, maintain, and delete covered information under certain circumstances. Additionally, an operator may not knowingly engage in targeted advertising, use information to make a profile about a student, sell a student's information, or disclose covered information except as otherwise provided. *Chapter 381 of 2018* required MSDE, in consultation with the Department of Information Technology and local boards of education, to develop and update best practices for local boards on data governance and professional development on data governance policies and procedures.

School Discipline

Suspensions and Expulsions: Chapters 843 and 844 of 2017 prohibited a student enrolled in a public prekindergarten program, kindergarten, first, or second grade from being suspended or expelled from school, unless the suspension is required by federal law. A student in these grades may be suspended for up to five school days if the school administration, in consultation with a

school psychologist or other mental health professional, determines that there is an imminent threat of serious harm to other students or staff that cannot be reduced or eliminated through interventions and supports. A school must provide intervention and support to suspended students and to students who are disruptive to the school environment or commit an act that would otherwise be grounds for suspension.

Data on School Discipline: MSDE publishes annual reports on suspensions and expulsions in public schools and much of the data in the reports is disaggregated at the State and local school system levels and by race/ethnicity and disability status. **Chapter 775 of 2018** required MSDE to disaggregate and report data on student discipline by race, ethnicity, gender, disability status, eligibility for FRPMs or an equivalent measure of socioeconomic status, and English language proficiency. Special education-related data must be disaggregated by race, ethnicity, and gender. MSDE was required to also collect and report data on alternative school discipline practices in each local school system.

Students with Disabilities

The federal Individuals with Disabilities Education Act requires that a student with a disability be provided a free appropriate public education in the least restrictive environment, in accordance with an Individualized Education Program (IEP) specific to the individual needs of the student. Several legislative initiatives have made changes to the substance of the IEP or the IEP process.

Parental Notifications: **Chapter 250 of 2016** required that, at the initial evaluation meeting, the parents of a child with a disability be provided with written information that parents may use to contact local school system staff members and a brief description of the services that the staff members provide. The parents may request this information at any subsequent meeting and this information must be prominently published on the special education services section of each local school system's website. If a child with an IEP moves into another local school system, the new local school system must provide the staff member contact and description of services information at the time of the first written communication with the parents regarding the child's IEP or special education services.

Parental Consent: **Chapter 727 of 2017** required an IEP team to obtain written consent from a parent if the team proposes to (1) enroll the child in an alternative education program that does not issue or provide credits toward a high school diploma; (2) identify an alternative assessment aligned with the State's alternative curriculum; or (3) include restraint or seclusion in the IEP to address the child's behavior. The legislation also established a process regarding a parent's consent, refusal to consent, or failure to respond.

Specific Services: **Chapter 430 of 2015** required orientation and mobility instruction to be included in the IEP of a child who is blind or visually impaired, unless the IEP team for that child determines that the instruction is not appropriate for the child. **Chapter 728 of 2017** required that, beginning with the 2018-2019 school year, each local board of education must, by December 1 of each year, submit a report on specialized intervention services to SBE. The report must include information on the number of students in kindergarten through grade 3 receiving the services, the

grades in which the services were provided, and the annual budget for the services. MSDE must establish guidelines for the report that each local board must submit. MSDE and each local board of education must annually post the information on their respective websites.

Translations into Native Language: Chapters 204 and 205 of 2016 authorized the parents of a child with a completed IEP or individualized family service plan to request that it be translated into the parents' native language, if that language is spoken by more than 1% of students in the local school system. School personnel must provide the parents with the translated document within 30 days after the date of the request. If a parent's native language is not English, ***Chapter 250*** required that specified parental notifications be provided in a parent's native language.

Mediation and Dispute Resolution: Chapter 271 of 2016 required the IEP team to provide a parent who disagrees with a child's IEP or special education services with (1) an oral and written explanation of the parent's right to mediation; (2) contact information for receiving information on the mediation process; and (3) information regarding pro bono representation. ***Chapters 713 and 714 of 2017*** required MSDE to develop a dispute resolution process to be used by families of children with disabilities and child care providers for resolving complaints of discrimination based on a child's disability.

Study of IEPs: Chapter 715 of 2017 required MSDE, in consultation with each local school system, to review and assess the current allocation of State and local education staff and other State agencies and supporting resources that are available to assist the parents and guardians of children with disabilities to participate in the IEP process. On or before July 1, 2018, MSDE, in consultation with DBM and DLS, must contract with a public or private entity to conduct an independent study of the IEP process in the State and to make specified recommendations. ***Chapter 361 of 2018*** altered the scope of this study and required the study to be completed by September 1, 2019.

Maryland School for the Blind: The Maryland School for the Blind (MSB) is a nonprofit organization that provides educational programs, including a residential program, to Maryland students from birth to age 21 who are blind, severely visually impaired, or visually impaired/multidisabled. The MSB also provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending schools across the State. MSB's Statewide Outreach Services offers expertise and specialized skills to Maryland students with visual impairment and additional disabilities, ages birth to 21, their families, and local school system staff through a variety of programs and services. ***Chapters 671 and 672 of 2016*** increased annual State funding for MSB by including the number of children served annually by MSB's Outreach Program as a component of State formula funding. Also, the Governor is required to annually include at least \$1 million in the State budget for the cost of residential services. Finally, MSB teachers and other professionals are required to be paid salaries equal to salaries paid in Baltimore County Public Schools.

Programs for School Meals

All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. In addition, some nonpublic schools provide free and subsidized meals to eligible students. These meals are provided through various programs. Funding, including federal funds, appropriated annually by the State, are used to reimburse each county or participating nonpublic school for the subsidized and free food-service programs.

Community Eligibility Provision: The State distributes compensatory aid to local school systems to fund programs for students with educational needs resulting from educationally or economically disadvantaged environments. The compensatory aid formula used for distributing compensatory aid to local schools uses the number of students whose households self-identify as educationally or economically disadvantaged by submitting FRPM application forms to the local school system.

The federal Healthy, Hunger Free Kids Act of 2010 provided an alternative to household applications for FRPMs in local school systems and schools that have high concentrations of poverty. This alternative is referred to as the U.S. Department of Agriculture’s Community Eligibility Provision (CEP). To be eligible for CEP, local school systems and schools must meet a minimum level of students directly certified for free meals in the year prior to participating in CEP, agree to serve free breakfasts and lunches to all students regardless of household income, agree to cover any costs of providing free meals to all students above amounts provided in federal assistance with nonfederal funds, and agree not to collect FRPM application forms. **Chapter 291 of 2015** altered the enrollment count the State uses to calculate compensatory aid in fiscal 2017 and 2018 in order for local school systems to be able to participate in CEP without losing accessibility to compensatory aid. **Chapter 665 of 2017** extended the use of the altered enrollment count through fiscal 2022.

Maryland Meals for Achievement: The Maryland Meals for Achievement (MMFA) program provides a free in-class breakfast to all students enrolled in schools in which 40% or more of the students qualify for FRPMs. Public and nonpublic schools are selected to participate in the program and must serve breakfasts that meet certain standards. **Chapter 325 of 2017** authorized secondary schools that participate in the program to serve breakfast in any part of the school, including from “Grab and Go” carts, after arrival of students to the school. The legislation also clarified that schools that provide breakfasts in the classroom through the program must serve the breakfasts after the arrival of students to the school.

Chapter 562 of 2018 allowed a school that for one year falls below the 40% FRPM student population eligibility threshold for the program to be eligible for MMFA funding in that year. However, the school will no longer be eligible for MMFA funding if its percentage of students falls below 40% in a second consecutive year. The legislation required the Governor to appropriate \$7,550,000 annually for MMFA.

Federal Breakfast and Lunch Programs: **Chapter 560 of 2018** made the State responsible for the student share of the costs of reduced-price breakfasts provided under the federal School Breakfast Program and reduced-price lunches provided under the National School Lunch Program

by fiscal 2023 and phased in this responsibility beginning with fiscal 2020. The legislation applied to public school students and students in nonpublic schools that participate in the federal breakfast and lunch programs. A local board of education or a participating nonpublic school is prohibited from charging a student who is eligible for a reduced-price breakfast beginning in fiscal 2022 or lunch beginning in fiscal 2023 for any portion of the cost of a meal.

School Safety

Following the shootings at Marjory Stoneman Douglas High School in Florida and at Great Mills High School in St. Mary's County, the General Assembly passed legislation that takes a comprehensive approach to school safety by enhancing both the security of school buildings and the assessment and training of school staff and students to be better prepared for critical situations, as well as ensure that mental health and wraparound services are available to students who display behaviors of concern. Combined, the fiscal 2019 operating and capital budgets, and *Chapter 30 of 2018* and *Chapter 14 of 2018* provided \$40.6 million for school safety-related purposes in fiscal 2019 and \$22 million in ongoing funding beginning in fiscal 2020.

Maryland Safe to Learn Act: Chapter 30 established a School Safety Subcabinet chaired by the State Superintendent that includes five other State agency leaders, which serves as the governing board for the existing Maryland Center for School Safety (MCSS). An advisory board with broad stakeholder representation was also created to assist the subcabinet. For administrative purposes, MCSS was reassigned as an independent unit within MSDE. The Act required local school systems to conduct school safety evaluations of all public school facilities by June 15, 2019, to identify and address physical safety concerns and any patterns of safety concerns on school property or at school-sponsored events. In addition, the legislation required school systems to develop assessment teams to identify and intervene with students and other individuals who pose potential threats to school safety. The Act included various data gathering and reporting requirements for MCSS, local school systems, and law enforcement agencies related to school safety.

The Act enhanced the presence of school resource officers (SROs) and/or local law enforcement in or near public schools. By September 1, 2019, SROs and other school security personnel (as defined by the subcabinet) are required to complete specialized training based on a curriculum developed by MCSS and approved by the Maryland Police Training and Standards Commission. Before the 2018-2019 school year, local school systems must identify which public high schools have an SRO and, for any high school without an SRO, the adequate local law enforcement coverage that is provided to the high school. Beginning with the 2019-2020 school year, this requirement for SRO/local law enforcement coverage extends to all public schools in accordance with local plans developed by the school system and law enforcement to provide adequate coverage.

By September 1, 2018, each local school system must appoint a mental health services coordinator to (1) coordinate existing mental health services and referral procedures; (2) work with local entities to ensure that students referred for mental health services obtain the necessary services; (3) maximize external funding for mental health and wraparound services; and

(4) develop plans for delivering mental health and wraparound services to students who exhibit behaviors of concern. By December 1, 2018, the subcabinet must review the plans developed by each school system, conduct a gap analysis of available mental and behavioral health services and providers for school-age children in the State, and report its findings and recommendations to the Governor and General Assembly. The Commission on Innovation and Excellence in Education is also required to make recommendations in its final report, due by December 31, 2018, on needed mental health and wraparound services and funding to support the services.

Each local school system must also designate a school security coordinator, who must be certified by MCSS, to coordinate between MCSS, the school system, and law enforcement. In the event of a life-threatening incident, a local school system must invite MCSS and State and local law enforcement to participate in the after-action incident review. Following the review, MCSS must report to the Governor and General Assembly on any recommendations to improve school safety.

The fiscal 2019 budget provided MCSS with \$3.0 million in general funds and 14 positions to support its operations. Additionally, grants to local school systems and law enforcement agencies account for \$37.6 million of the total \$40.6 million fiscal 2019 appropriation.

Beginning in fiscal 2020, the mandated appropriation for MCSS's operations is at least \$2.0 million. **Chapter 30** also mandated \$10 million in annual grants to help defray the cost of expanded SRO/local law enforcement coverage for public schools beginning in fiscal 2020. Funds appropriated to the Safe Schools Fund in fiscal 2019 may also be spent in future years, in addition to the annual \$600,000 in special funds. Finally, as discussed above, **Chapter 14** mandated \$10 million in annual school safety capital grants.

Grant Program for Security-related Facility Upgrades: Chapter 732 of 2017 authorized MCSS to make grants to schools and child care centers determined to be at risk of hate crimes or attacks for security-related personnel and for security-related technology, facility upgrades, and training. **Chapter 30** altered responsibility for making grants from the center to the School Safety Subcabinet, the governing body of the center, and authorized the Governor to transfer \$1.0 million from the Governor's Office on Crime Control and Prevention to MSDE for this purpose.

Student Safety

The prevalence of child sexual abuse is difficult to determine because it is underreported and not uniformly defined. Sexual assault prevention and the importance of consent and boundaries were topics of legislation relating to both student instruction and school employees or contractors as well as prevention of bullying, harassment, and intimidation.

Protecting Students from Contractors and Subcontractors: Chapter 180 of 2015 prohibited nonpublic schools and local boards of education from hiring or retaining contractors or subcontractors who have been convicted of specified crimes of violence or of sexual abuse. A contract for a nonpublic or a local school system must provide that a contractor or subcontractor for the school may not knowingly assign an employee to work on the school premises with direct, unsupervised, and uncontrolled access to children if the employee has been convicted of specified

crimes. Furthermore, contractors and subcontractors who have direct, unsupervised, and uncontrolled access to children in specified facilities, including schools and day care centers, are required to submit to a criminal history records check.

Preventing Abuse or Neglect: An educator who has reason to believe that a child has been subjected to abuse or neglect must notify the local department of social services or the appropriate law enforcement agency. Under ***Chapter 31 of 2018***, a local board of education or a nonpublic school that receives State funds must require each employee to receive instruction annually on the prevention, identification, and reporting of child sexual abuse. In addition, each local board of education must establish and implement policies that support the prevention of child sexual abuse and develop employee codes of conduct that address appropriate contact between staff and students.

Curriculum: Chapter 609 of 2016 required SBE and specified nonpublic schools in the State to develop and implement a program of age-appropriate education on the awareness and prevention of sexual abuse and assault. The program must be taught by teachers who are trained to provide instruction on the awareness and prevention of sexual abuse and assault and incorporated into the health curriculum of county boards of education and nonpublic schools. The legislation also required SBE and certain qualifying nonpublic schools in the State to develop and implement a program of age-appropriate education on sexual abuse and assault awareness and prevention. ***Chapters 736 and 737 of 2018*** required, beginning in the 2018-2019 school year, a local board of education to provide age-appropriate instruction on the meaning of “consent,” as defined in the legislation, and respect for personal boundaries as part of the Family Life and Human Sexuality curriculum in every grade in which the curriculum is taught in public schools.

Bullying: Chapter 489 of 2008 required MSDE to develop a model policy that prohibits bullying, harassment, and intimidation in schools that includes procedures for reporting bullying, investigating reports of bullying, and disciplining students who violate school bullying policies. Using the model policy, local boards of education were required to develop policies for the public schools under their jurisdiction. ***Chapter 262 of 2016*** required SBE, after consultation with local school systems, to update its model bullying, harassment, or intimidation policy, which it did in July of 2016 and must do every five years thereafter. Each local board of education was required to update its policy based on SBE’s update of the model policy and submit it to the State Superintendent of Schools by January 1, 2017, and every five years thereafter.

MSDE must require each local board of education to report incidents of harassment or intimidation against public school students that occur on public school property, at school activities or events, or on school buses. Under ***Chapter 366 of 2018***, a school principal may make a report to any relevant law enforcement agency if, after an investigation is completed, the school principal has reason to believe that a student has engaged in conduct that constitutes an offense under the criminal statutes for first-degree assault, second-degree assault, misuse of electronic communication or interactive computer service, or revenge porn. The legislation also altered the requirements for mandatory reporting of harassment or intimidation against public school students to include behavior that is sexual in nature. MSDE’s model policy to address bullying, harassment, or intimidation must include model procedures for providing notice of an act of bullying,

harassment, or intimidation to a parent or guardian of the alleged victim and the parent of the alleged perpetrator within a certain amount of time. The legislation made similar changes to the policy for nonpublic schools.

Student Health

Heroin and Opioid Addiction and Overdose Prevention and Education: Opioid-related deaths increased by 23% between 2014 and 2015 and have more than doubled since 2010. Heroin- and fentanyl-related deaths have risen particularly sharply. Many addictions begin during the teenage years when teenagers gain access to the prescription medications of family and friends.

Chapters 573 and 574 of 2017 established various policies and procedures for public schools and institutions of higher education relating to the prevention of heroin and opioid addiction and overdose. The legislation required SBE to include heroin and opioid addiction and prevention as part of the drug addiction and prevention program in public schools. Local boards of education must establish a policy in accordance with school health guidelines and State laws and regulations for its public schools to authorize the school nurse, school health services personnel, and other school personnel to administer, store, and obtain overdose-reversing medication under certain circumstances. The policy must also include a method for notifying the parents and guardians of students of the school’s policy at the beginning of each school year.

A local board or the local health department was required to hire a sufficient number of either county or regional community action officials to coordinate public forums and conduct public relations campaigns, or to develop and implement a program that provides these same functions. The Governor was required to include at least \$3 million in the fiscal 2019 budget for MSDE to award grants to local boards of education to implement the Act’s policy and training requirements and to disburse the grant money based on the enrollment count of students in public schools in the State for the prior fiscal year.

On or before October 1 of each year, each public school must submit a report to MSDE on each incident at the public school that required the administration of an overdose-reversing medication. MSDE is required to report this information to the General Assembly on or before December 1 of the years 2018, 2019, and 2020. In fiscal 2019, \$3.0 million in State aid is provided, pursuant to ***Chapters 573 and 574***, to award grants to local boards of education to implement the Acts’ policy and training requirements.

Behavioral Health Services: Maryland regulations require each local school board to provide a coordinated program of pupil services for all students, which must include school counseling, pupil personnel services, school psychology, and health services. A “community-partnered school behavioral health services program” is defined as a program that provides behavioral health services to students by community behavioral health providers in partnership with public schools and families that augment the behavioral health services and supports provided by public schools. ***Chapters 213 and 214 of 2016*** required MSDE, in consultation with the Maryland Department of Health (MDH), local boards of education, and other stakeholders to develop and implement a standardized reporting system to determine the

effectiveness of community-partnered school behavioral health service programs. **Chapter 583 of 2017** required MDH, in conjunction with MSDE, to recommend best practices for local boards of education to provide to students (1) behavioral needs assessments and (2) individualized or group behavioral health counseling services with a health care provider through certain programs.

Youth Suicide Risk and Prevention: Chapter 335 of 2017 required SBE to require, by July 1, 2018, all certificated school personnel who have direct contact with students on a regular basis to complete training by December 1 each year in the skills required to (1) understand and respond to youth suicide risk and (2) identify professional resources to help students in crisis. Each local board of education must determine the method of training, which must be provided to certificated school personnel during an in-service program or through a professional development requirement that may be met during time designated for professional development.

CTE and Apprenticeship Programs

The federal Carl D. Perkins Career and Technical Education Act of 2006 (Perkins) provides approximately \$1.1 billion in formula grants to states (including \$15.5 million to Maryland in fiscal 2019) to implement CTE programs in secondary schools and postsecondary institutions. Perkins requires states to develop sequences of academic and CTE coursework, called programs of study, that prepare students for postsecondary degrees or industry-recognized credentials. Many of the programs of study – which range from plumbing and culinary arts to aerospace engineering and cybersecurity – include or encourage apprenticeship or preapprenticeship opportunities. CTE programs are generally available beginning in high school for students seeking specific occupational skills in industries that may require a postsecondary credential other than a college degree. MSDE oversees the State’s CTE programs, which are administered by local school systems. Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation. Several pieces of legislation during this term addressed the expansion of CTE and apprenticeship programs.

CTE Goal: Chapter 149 of 2017 required SBE, in consultation with the Department of Labor, Licensing, and Regulation (DLLR) and the Governor’s Workforce Development Board, to develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a CTE program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating high school.

Youth Apprenticeships: Chapter 140 of 2015 established “Apprenticeship Maryland,” a two-year pilot program to prepare students to enter the workforce by providing onsite employment training and related classroom instruction needed to obtain a license or certification for a skilled occupation. It required MSDE to select two local school systems to participate in the program, including to the extent practicable one urban school system and one rural school system. Subsequently, Frederick County and Washington County were selected as the pilot sites and completed the two-year pilot program at the conclusion of the 2017-2018 school year. Each county

superintendent selected up to 60 students to participate in the program. Eligible employers were required to pay an eligible student at least the State minimum wage, subject to any lawful exemptions. DLLR had to issue a skills certificate to each student who completes the program.

Construction Apprenticeships: Chapters 403 and 404 of 2016 replaced the Construction Apprenticeship Assistance program (which was never funded) with the Apprenticeship Career Training in Our Neighborhoods (ACTION) program to develop a well-trained, productive construction workforce which meets the needs of the State’s economy, to encourage employers to hire apprentices in the construction industry, and to help employers offset any additional costs associated with hiring apprentices. DLLR must administer the program and provide grants on a competitive basis to employers that employ at least one apprentice who meets specified requirements. The amount of a grant, capped at \$1,000 per eligible apprentice, must be based on the number of eligible apprentices that an eligible employer employs.

Academic Credit for Apprenticeships: Chapter 403 of 2018 authorized a local board of education to count specified time spent in a registered apprenticeship program toward high school attendance and either high school graduation or a postsecondary credential, or both. It barred a higher education institution from referring to a noncredit or credit course as an apprenticeship or apprenticeship training course unless the course is an approved registered apprenticeship training program by DLLR. It required MSDE to include data by high school and community college in its annual report on progress toward meeting the 45% goal enacted under ***Chapter 149***.

Chapters 694 and 695 of 2018 authorized MSDE to adopt regulations to require the award of credit toward high school graduation for the time that a student spends participating in either a registered apprenticeship program or a youth apprenticeship program. The Maryland Higher Education Commission (MHEC) must (1) collect and provide to the Maryland Longitudinal Data System Center specified identifying information on specified business licensees and students receiving industry and vocational certificates and (2) collect student-level data on noncredit programs at community colleges and private career schools.

Early Childhood Education

Teachers of Early Childhood Education: Chapter 377 of 2015 required MSDE, in collaboration with MHEC and certain representatives from institutions of higher education, to develop a master plan to address the critical shortage of qualified professional teachers and child care providers in the early childhood education workforce. On December 16, 2015, MSDE and MHEC submitted recommendations on methods to attract individuals to the field of early childhood education and retaining current teachers and providers.

Notice of Public Prekindergarten Eligibility: The Bridge to Excellence Act of 2002 required each local school system to make publically funded prekindergarten available to all economically disadvantaged or homeless four-year-old children in the State. ***Chapter 67 of 2016*** required local departments of social services and local health departments to provide a parent or guardian who applies for economic services with an oral and written notice that their child may be eligible for publicly funded prekindergarten programs if the parent or guardian has a child who will be four years old on September 1 of the next academic year. The notice must include contact

information for the enrollment office of the local school system and the Division of Early Childhood Development in MSDE.

Child Care Subsidy Program: The Child Care Subsidy (CCS) Program provides to the family of each child needing care a voucher that indicates the subsidy rate and the parent's assigned copayment for child care which is based on family income. 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 copayment 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.

Chapters 209 and 210 of 2017 required MSDE, beginning in 2017 and every two years thereafter, to conduct a market rate survey or an alternative method allowable under federal law, to formulate appropriate reimbursement rates for the Child Care Subsidy Program. By September 1, 2017, and every two years thereafter, MSDE must report specified information to the Joint Committee on Children, Youth, and Families; the Senate Budget and Taxation Committee; and the House Appropriations Committee. In September of 2017, pursuant to the requirements of ***Chapter 740 of 2017***, MSDE issued a report on alternative methodologies other than a market rate survey to set reimbursement rates in the CCS Program.

Chapters 563 and 564 of 2018 required the Governor to include in the annual State budget an appropriation from all fund sources for the CCS program that is not less than the total appropriation for the program in fiscal 2018 or 2019, whichever is greater. The Governor also must, from all fund sources, appropriate enough funds to raise the program's reimbursement rates for each region to certain minimum percentiles of the most recent market rate survey or its equivalent, if an alternative methodology defined by MSDE is used, such that the sixtieth percentile is reached by fiscal 2022.

Educators and School Employees

Teacher Induction, Retention, and Advancement

Chapter 740 of 2016 established the Teacher Induction, Retention, and Advancement Pilot Program for first-year teachers. If a county chooses to participate, the county board is encouraged to choose teachers who teach in a cluster of schools in which the majority of elementary and middle schools that feed into one high school are Title I schools. A teacher who is selected to participate in the program must be afforded at least 20% more time than other teachers to be spent on mentoring, peer observation, assistance with planning, or other preparation activities. Any costs incurred under the program must be borne 80% by the State and 20% by the county board.

Chapter 740 increased the maximum State match for stipends for teachers who hold National Board Certification and work in a comprehensive needs school from \$2,000 to \$4,000. In addition, ***Chapter 740*** established a matching State stipend of up to a maximum of \$1,500 for specified Anne Arundel County Public Schools (AACPS) classroom teachers in fiscal 2018 and 2019. ***Chapter 23 of 2017***, the BRFA, reduced the State match for teacher stipends from \$4,000 to \$2,000 in fiscal 2018. ***Chapter 23*** also reduced the State match for stipends for specified AACPS

classroom teachers from \$1,500 to \$750 for fiscal 2018, and *Chapter 10 of 2018*, the BRFA, eliminated the State match of stipends for AACPS classroom teachers in fiscal 2019.

Teacher Preparation Programs

In general, to offer a teacher preparation program (undergraduate or graduate) that would certify a recipient to teach, an institution of higher education in the State must have national accreditation. As of September 2016, the U.S. Department of Education no longer recognizes an accrediting agency for teacher preparation programs. To address this problem, *Chapter 328 of 2017* authorized MSDE to approve the offering of teacher preparation programs by qualified institutions of higher education.

Public School Employee Whistleblower Protections

Chapter 730 of 2017 prohibited a public school employer from taking, or refusing to take, any personnel action as reprisal against a public school employee because the employee discloses or threatens to disclose unlawful behavior, provides information or testifies for an investigation of unlawful behavior, or objects to or refuses to participate in unlawful behavior. The protection only applies if (1) the public school employee has a good faith belief that the employer is engaged in unlawful activity; (2) the employee discloses specified information that the employee believes evidences an abuse of authority, a danger to public health or safety, or a violation of law; and (3) the public school employee has reported the behavior in writing to a supervisor or administrator and afforded the employer a reasonable opportunity to correct the activity. A public school employee must exhaust any administrative remedies before instituting a civil action under the Act.

Public School Labor Relations Board

The Public School Labor Relations Board (PSLRB) administers and enforces the labor relations laws for local boards of education and their employees. PSLRB may conduct hearings, subpoena witnesses, administer oaths, take the testimony or deposition of a person under oath, and conduct investigations. *Chapter 806 of 2017* required the member who represents the public to be chair of PSLRB and required the Attorney General to assign an assistant attorney general to provide legal services to PSLRB, the Higher Education Labor Relations Board, and the State Labor Relations Board. The Act also altered specified powers of PSLRB with respect to the administration and enforcement of the collective bargaining process for certificated and noncertificated public school employees.

Disciplinary Procedures for Public School Personnel

On the recommendation of the local superintendent of schools, a local board of education may suspend or dismiss a teacher, principal, supervisor, assistant superintendent, or other professional assistant for immorality, misconduct in office, incompetency, or willful neglect of duty. Before removing an individual, the individual may request a hearing where the individual has an opportunity to be heard before the local board, either in person or by counsel, and to bring witnesses. The individual may appeal the decision of the local board to SBE.

Chapter 13 of 2018 authorized a teacher, principal, supervisor, assistant superintendent, or other professional assistant to request a hearing before an arbitrator instead of the local board of education as part of the procedures for suspending or dismissing that individual. The local board of education is also required to pay the full cost and expenses of the arbitration including specified costs, except that the local superintendent and the individual pay their own respective costs and expenses associated with any witness or evidence produced by them. However, if the arbitrator determines that the county board had sufficient cause to suspend or dismiss the individual, then the individual must pay 50% of the fees and expenses incurred. The decision and award by the arbitrator is final and binding; however, an individual may request judicial review by a circuit court, which must be governed by the Maryland Uniform Arbitration Act.

Exclusive Representative Access to New Employees

Chapters 22 and 29 of 2018 required public school employers to provide an exclusive representative with access to “new employee processing,” which is when new employees are advised of specified employment-related matters for certificated and noncertificated employees of local school systems. The details of this access must be negotiated as specified between the exclusive representative and public school employer. Within 30 days of a new employee’s hire and as specified in the Act, a public school employer must provide the exclusive representative with information about each new public school employee, including name, position classification, and personal cell phone number. This information must be provided every 120 days.

State Board of Education

Extending the Length of the School Year

On August 31, 2016, the Governor issued Executive Order 01.01.2016.09 (later amended by Executive Order 01.01.2016.13) requiring, with few exceptions, the local boards of education to open schools for student attendance no earlier than the Tuesday following the Labor Day holiday and to conclude the school year no later than June 15, beginning in the 2017-2018 school year. *Chapters 34 and 35 of 2018* allowed a local board of education to extend the school year for up to five weather-related school days beyond June 15 without approval from SBE.

Local Education Policy

During the 2015-2018 term, the General Assembly passed numerous local initiatives related to education, including establishing capital project evaluation criteria, altering accountability and transparency measures, restructuring boards of education, and altering compensation of board members, among other issues.

Baltimore City School Construction and Renovation Evaluation Scoring

Chapter 647 of 2013 authorized the Maryland Stadium Authority to sell up to \$1.1 billion in bonds to finance the construction or renovation of 23 to 28 schools in Baltimore City by 2020. Financing for the resulting 21st Century Schools initiative is shared among the State, Baltimore City, and the Baltimore City Public Schools (BCPS). With the goal of providing a

facility condition index score for each BCPS facilities, *Chapter 319 of 2017* required the Baltimore City Board of School Commissioners to develop and implement a scoring system for evaluating projects that serve the long-range plans of BCPS by January 1, 2018. On or before January 1, 2020, the board is required to apply the scoring system to projects for 75% of the public school facilities that are operated by BCPS and utilized by students. On or before January 1, 2021, the board is required to apply the scoring system to projects for the remaining 25% of public school facilities. On or before January 1, 2021, and every four years thereafter, the board is required to update the evaluation of projects for each public school facility using the scoring system. The scores must be published on the website and reported to the members of the Baltimore City delegation.

Accountability and Transparency Measures

At least once every six years, the Office of Legislative Audits (OLA) is required to conduct an audit of each local school system to evaluate the effectiveness and efficiency of the financial management practices of the local school system. *Chapter 261 of 2016* established a potential exemption to the requirement for an audit every six years. Beginning in fiscal 2017, a local school system was exempt from the audit requirement if the county governing body, the county board of education, and the county delegation to the General Assembly each submit a letter to the Joint Audit Committee requesting an exemption on or before November 1 of fiscal 2017, or on or before November 1 of the last year of a six-year audit cycle, as determined by OLA. A local school system may not be exempt for two consecutive six-year audit cycles. In addition, the Joint Audit Committee may direct OLA to conduct an audit of a local school system at any time.

Chapter 132 of 2016 required the Public Access Ombudsman within the Office of the Attorney General to investigate, evaluate, and issue a report by January 1, 2017, on the Howard County Public School System, for the period beginning July 1, 2012, through December 31, 2015, regarding (1) the integrity and propriety of any refusal by the custodian of a public record to disclose a public record; (2) the validity of any declaration by the custodian that the public record requested by an applicant does not exist and cannot be produced; and (3) the reasonableness of any complaint as to any delay in furnishing a public record.

Chapter 368 of 2018 required that all actions of the Baltimore County Board of Education be taken at a public meeting and that a record of the meeting be made public, except in specified circumstances that comply with the closed session requirements of the Maryland Open Meetings Act. Any action of the county board must be recorded by a voice vote or roll call of each member who is present at the public meeting. The county board must keep a formal record of each public meeting and make the record available for review by the public upon request. Any final action must be made publicly available on the county board's website within 72 hours of the time the action was taken. Each action must include a full and accurate description of the action and a link or reference to the related video recording of the meeting, if available.

Local Boards of Education and Related Entities

Anne Arundel County

School Board Nominating Commission: *Chapter 35 of 2016* altered the membership of the School Board Nominating Commission of Anne Arundel County to achieve more diverse representation on the commission. The terms of the members of the commission who were appointed by the Governor and would be in office on June 1, 2016, were terminated on June 1, 2016. Additionally, if the voters of Anne Arundel County reject the retention of a board of education member or if the vote is tied, *Chapter 35* required the member to resign effective 10 days after certification of the election return, and that the member may not continue to serve on the board.

The structure of the commission was further altered by the enactment of *Chapter 473 of 2017*. *Chapter 473* renamed the School Board Nominating Commission to be the School Board Appointment Commission of Anne Arundel County and altered the membership, purpose, and duties of the commission. In any election, if no candidate files a certificate of candidacy for the office or if no individual otherwise qualifies to have the individual's name placed on the ballot, the commission must appoint a qualified individual to fill the vacancy no later than 30 days after the general election. The commission must also select and appoint qualified individuals to fill any vacancies on the board of education. However, effective November 1, 2020, the Act repeals the commission and requires the Anne Arundel County Council to appoint a qualified individual to fill the vacancy no later than 30 days after the general election. The county council must also select a qualified individual to fill any vacancies on the board.

Board of Education: The Anne Arundel County Board of Education consists of eight members appointed by the Governor and one student member. *Chapter 473* also restructured the board to be an eight-member board consisting of seven nonpartisan elected members, one from each of the seven councilmanic districts in the county elected by the voters of that district at a general election, and one student member. The term of office of each member elected at the general election in 2018 is six years. An elected member of the board may not be elected to serve on the board for more than two consecutive terms. The salaries of the officers and other members of the board, as well as the scholarship amount for the student member, were increased. The State Board of Education is charged with removing members of the board for specified cause after notice and due process.

Baltimore City

The Baltimore City Board of School Commissioners consists of nine members jointly appointed by the Governor and the mayor, and one student member. *Chapter 723 of 2016* restructured the board to be a hybrid board with two members elected from the city at large, nine members jointly appointed by the Governor and the mayor, and one student member. The two elected board members will be elected at the general election in November 2022 and every four years thereafter. *Chapter 593 of 2017* repealed the role of the Governor in making appointments to the board, filling board vacancies, and removing board members for certain

causes. *Chapter 593* also established the Baltimore City Public School Board Community Panel to select nominees to be recommended to the mayor as qualified candidates for appointment to the board.

Baltimore County

Chapters 480 and 481 of 2014 restructured the Baltimore County Board of Education from a 12-member appointed board, including 1 student member, to a 12-member board consisting of 4 at-large members appointed by the Governor, 7 nonpartisan members each elected from one of seven council districts, and a student member. Restructuring of the board began December 7, 2015, and will be completed by December 3, 2018. *Chapter 850 of 2017* prohibited (1) the Governor from appointing, as a member of the board, an individual who is a candidate for election to the board during an election year and (2) a candidate for election to the board from seeking an appointment to the board by the Governor, through nomination by the Baltimore County School Board Nominating Commission, during an election year. Prior to recommending to the Governor nominees for appointment to the board, the commission must hold at least three public hearings, each in a different councilmanic district. The county executive for Baltimore County is required to designate 1 of the commission's members as chair of the commission. Last, the Act specifies that the terms of the 4 members appointed at-large who are in office on the effective date of the Act or the terms of their successors expire at the end of December 2, 2018. The Governor is required to appoint 4 members from a list of nominees submitted by the commission to succeed the departing members, each to serve a four-year term beginning on December 3, 2018, until a successor is appointed and qualified.

Howard County

The Howard County Board of Education consists of seven at-large elected members and one student member. *Chapter 308 of 2017* restructured the board to an eight-member board consisting of five elected members, one from each of the five councilmanic districts in the county; two at-large members; and one student member. The term of office of an elected member from either a councilmanic district or an at-large member is four years. When making an appointment to the board to fill a vacancy for an elected member, the county executive must endeavor to ensure that the board reflects the race, gender, and ethnic diversity of the population of Howard County.

Wicomico County

Chapter 169 of 2016 required the structure of the Wicomico County Board of Education to be subject to a referendum of the qualified voters of the county at the November 2016 general election. The voters were required to choose whether to (1) retain the current system of the board with seven members appointed by the Governor; (2) restructure the board to a hybrid board consisting of specified elected and appointed members; or (3) restructure the board to an elected board.

Compensation of Board Members

There were several local jurisdictions that increased the compensation amounts for board members or the scholarship awards for student members, or both. These included Baltimore County (*Chapter 800 of 2018*), Carroll County (*Chapters 831, 832, 264, and 265 of 2018*), and Howard County (*Chapter 811 of 2018*). In Montgomery County, *Chapter 121 of 2018* established the Montgomery County Board of Education Compensation Commission to study the salaries of the members of the Montgomery County Board of Education and submit a report with recommendations by September 1, 2019, and every four years thereafter.

Primary, Secondary, and Higher Education into the Workforce (P-20) Initiatives

Pathways in Technology Early College High Schools

Chapter 144 of 2016 established P-TECH Schools in Maryland, which are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace to allow students to graduate in six years or less with a high school diploma, an associate's degree or certificate, and relevant professional experience. P-TECH programs are open admission, no cost to students, and must reserve at least 50% of available space for students who meet the free and reduced-price meals income criteria. State funded planning grants were provided to establish six P-TECH schools in the first year.

Chapter 591 of 2017 altered many aspects of the P-TECH School Program and established funding mechanisms for the program. The funding mechanisms established in the Act included (1) inclusion of P-TECH students in the K-12 Foundation Program funding formula for public schools; (2) P-TECH planning grants; (3) P-TECH supplemental school grants; (4) P-TECH supplemental college grants; and (5) inclusion of P-TECH students in the Senator John A. Cade Funding Formula for local community colleges and the Baltimore City Community College funding formula.

Beginning in fiscal 2019, no new P-TECH planning grants may be awarded for new P-TECH schools until the 2016-2017 cohort of P-TECH students completes the six-year pathway sequence. MSDE must report on the program annually and, by December 1, 2023, provide an evaluation of whether the P-TECH school program is successful in preparing students for the workforce or further postsecondary education.

LYNX Program

With the goal of providing individualized, self-directed learning opportunities that allow students to participate in project-based learning experiences at the high school and college levels and work, internship, or apprenticeship experiences focused on college and career readiness competencies, *Chapter 470 of 2016* established a LYNX High School within an existing high school in Frederick County.

Next Generation Scholars of Maryland

Chapter 33 of 2016 rebranded the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program to allow eligible students in grades 7 and 8 to prequalify for a Guaranteed Access Grant, which is a need-based scholarship intended to meet 100% of financial need for full-time undergraduates from low-income households. During the 2017-2018 and 2018-2019 school years, students in grade 9 are also eligible if they meet the other requirements of the program. Students must agree in writing to meet specified qualifications, including maintaining a 2.5 GPA, and must be provided a high school graduation plan, summer work or internship opportunities, financial and literacy assistance, career interest assessments, college and workplace visits, mentorship and one-on-one counseling, an academic summer bridge program, and a plan to matriculate and graduate from an institution of higher education. The Governor must include \$5.0 million in general funds for the program to be administered in school systems in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program in the 2015-2016 school year. However, funding in fiscal 2018 and 2019 was reduced to \$4.7 million each year.

Maryland Longitudinal Data System

Chapter 190 of 2010 established the Maryland Longitudinal Data System (MLDS) to contain individual-level student 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. *Chapters 790 and 791 of 2017* increased the length of time during which student and workforce data used by the MLDS may be linked from 5 years from the date of latest attendance in any educational institution in the State to 20 years.

Higher Education

Higher Education Funding

Operating funding for higher education grew 15.5%, or \$275.9 million, between fiscal 2015 and 2019, as shown in **Exhibit L-3**, which includes general funds and Higher Education Investment Funds. After increasing by more than 4.0% in fiscal 2016 and 2017, growth in higher education funding slowed in fiscal 2018 to 1.3% reflecting cost containment measures and health insurance savings, with St. Mary's College of Maryland (SMCM) and Baltimore City Community College (BCCC) experiencing small decreases. Funding for fiscal 2019 bounced back to growth of 4.2%, or \$83.1 million, overall. The fiscal 2019 budget also included a cost-of-living adjustment (COLA) for State employees at higher education institutions effective January 1, 2019. No statutory adjustments were made to the State's three higher education funding formulas for community colleges (John A. Cade Funding Formula), BCCC, and independent institutions (Joseph A. Sellinger Program) during the four-year term.

Exhibit L-3
State Support for Higher Education
Fiscal 2015-2019
(\$ in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2015-2019</u>	
						<u>\$ Increase</u>	<u>% Increase</u>
USM	\$1,203,434	\$1,257,323	\$1,325,338	\$1,337,731	\$1,399,832	\$196,399	16.3%
MSU	84,198	86,135	93,203	93,661	97,463	13,266	15.8%
SMCM	20,722	25,107	25,160	24,535	26,145	5,424	26.2%
Community Colleges ¹	290,264	301,839	313,512	317,710	322,389	32,125	11.1%
BCCC	40,137	40,776	40,064	39,431	40,650	513	1.3%
Independents	41,422	42,822	46,817	48,909	56,273	14,851	35.9%
MHEC							
Student Financial Aid	98,458	103,035	101,633	109,445	111,804	13,346	13.6%
Total	\$1,778,634	\$1,857,037	\$1,945,728	\$1,971,423	\$2,054,557	\$275,923	15.5%
Dollar Change from Prior Year		\$78,403	\$88,691	\$25,695	\$83,134		
Percent Change from Prior Year		4.4%	4.8%	1.3%	4.2%		

BCCC: Baltimore City Community College
MHEC: Maryland Higher Education Commission
MSU: Morgan State University

SMCM: St. Mary's College Maryland
USM: University System of Maryland

¹ Community College funds include the Senator John A. Cade formula, other programs, and fringe benefits.

Note: Includes general funds and Higher Education Investment Funds. Does not include Need-based Student Financial Assistance Fund.

Source: Maryland State Budget Books; Department of Legislative Service

University System of Maryland and Morgan State University

Funding for University System of Maryland (USM) and Morgan State University (MSU) increased 16.3% and 15.8%, respectively, from fiscal 2015 to 2019. Fiscal 2016 increases were primarily related to personnel costs. Fiscal 2017 funding growth of 5.4% and 8.2%, respectively, for USM and MSU included merit increases and enhancement funds to support student completion initiatives, including targeting transfer students; science, technology, engineering, and math; health care workforce development; veteran students; and data analytics. Funding was also provided to USM's regional higher education centers to expand and offer new programs. MSU received funds to increase institutional need-based financial aid. As part of cost containment measures, USM was required to transfer a total of \$39.0 million from its fund balance to the

general fund by the Budget Reconciliation and Financing Act (BRFA) in fiscal 2017 (\$30 million) and fiscal 2018 (\$9 million).

Fiscal 2018 and 2019 included funds for USM mandated in *Chapter 25 of 2016*, which is discussed further below. Fiscal 2018 included \$4.0 million to the University of Maryland, Baltimore Campus (UMB) and \$2.0 million to the University of Maryland, College Park Campus (UMCP) to establish two research centers and \$4.0 million (\$3.5 million to the University of Maryland Baltimore County (UMBC) and \$0.5 million to Towson University) to increase the funding attainment levels of those residential campuses with the lowest estimated funding guideline attainment level in fiscal 2016. Funding in fiscal 2019 included \$2.0 million to UMCP to fund the University of Maryland Center for Economic and Entrepreneurship Development and \$4.0 million to UMBC to increase its funding guideline attainment level.

St. Mary's College of Maryland

Fiscal 2016 funding for SMCM, which is formula funded, grew 21.2%, or \$4.4 million, of which \$1.6 million was related to a one-time grant to upgrade its information technology (IT) infrastructure, and the remaining increase was due to the inflation-based formula. After modest or negative growth in SMCM's funding formula in fiscal 2017 and 2018, due to the loss of one-time funding, minimal inflation, and enrollment decreases, the General Assembly enhanced SMCM's statutory formula.

Chapter 420 of 2017 required funding for SMCM to increase beginning in fiscal 2019. If SMCM's six-year graduation rate is 82% or greater in the second preceding fiscal year, the general fund grant must increase by 0.25%. In addition to the general fund grant, SMCM must also receive add-on funding for (1) 100% of the increase in State-supported health insurance costs, and (2) 50% of any COLA wage increase for State-supported employees, if State employees receive a COLA. The Act also stated the General Assembly's intent that if the State provides funds to limit tuition increases at other public four-year institutions, SMCM should be included. Add-on funding must not be included in the calculation of the general fund grant amount and must be provided in the same amount each year. As a result of the law, fiscal 2019 funding for SMCM increased \$1.6 million, or 6.6%, over fiscal 2018.

Tuition Limits

In order to make college more affordable for its residents, the State provided funds to USM, MSU, and SMCM to limit increases in tuition for resident undergraduate students during the four-year term. Funding was provided in fiscal 2015 to limit tuition increases to 3%, and SMCM received a \$1.5 million stabilization grant to slow the growth of tuition, which was subsequently directly budgeted within the college's statutory funding formula. In fiscal 2017 and 2018, funding was provided to limit resident undergraduate tuition increases to 2%. In fiscal 2019, SMCM and MSU received funds to limit tuition increases to 2% while USM held tuition increases to 2%.

Community Colleges

Funding for community colleges increased 11.1%, or \$32.1 million, between fiscal 2015 and 2019, which included funding for hold harmless grants, which were primarily provided for community colleges experiencing enrollment declines. Generally, one or two institutions were eligible for the grants, but in fiscal 2018, nine community colleges received a hold harmless grant. Funding was also provided for those community colleges that did not increase in-county tuition rates by more than 2% in fiscal 2018 and 2019.

Funding for BCCC increased 1.3%, or \$0.5 million, between fiscal 2015 and 2019. Due to an ongoing decline in student enrollment during this time period, BCCC's hold harmless clause maintains direct State support at the statutory level of \$39.8 million with additional funding being provided for English for Speakers of Other Languages.

Independent Institutions

Funding for independent institutions increased 35.9%, or \$14.9 million, from fiscal 2015 to 2019 as the State phased in funding formula increases to return to the original statutory level prior to 2015. About half of the total increase over the four-year term was provided in fiscal 2019, with independent institutions receiving a \$7.4 million, or 15.1%, increase. This large increase is partly due to cost containment measures made in fiscal 2018, which caused significant growth in the Joseph A. Sellinger formula in fiscal 2019.

Student Financial Assistance

Between fiscal 2015 and 2019, funding for State student financial assistance programs increased 13.6%, or \$13.3 million. Increases were primarily for need-based financial aid programs and new scholarships. In fiscal 2017, funding declined by 1.7%, or \$1.4 million, due to funds being reverted to the general fund as a result of cost containment. The Maryland Higher Education Commission (MHEC) has worked to spend down the accumulated balance in the Need-based Student Financial Assistance Fund (NBSFAF), which includes canceled or unspent financial aid award funds that are carried forward from prior years. As such, year-to-year comparisons of State financial aid can be difficult, since MHEC may appropriate balances from NBSFAF to more fully meet demand for certain programs.

Capital Program

The capital program for all segments of higher education from fiscal 2016 to 2019 totaled \$1.6 billion including general obligation bonds and academic revenue bonds (ARB). This consisted of \$1.2 billion for public four-year institutions, \$232.6 million for the State's 16 community colleges (including BCCC), \$50.9 million for independent institutions, and \$156.7 million for regional higher education centers. **Exhibit L-4** shows the allocation of capital support by institution. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *Major Issues Review*.

ARBs and auxiliary bonds are issued directly by institutions to construct or renovate academic and auxiliary facilities, with debt service supported by academic fees, auxiliary fees, or other sources established for the bonds. The current debt limits established by statute are \$1.4 billion for USM, \$88 million for MSU, \$65 million for BCCC, and \$60 million for SMCM. USM is the only segment of public higher education that has issued bonds directly since fiscal 2016. ARB authorizations must be approved by legislation annually; legislation was enacted authorizing \$54.5 million in ARBs for USM in fiscal 2016 (*Chapter 471 of 2015*); \$24.5 million in fiscal 2017 (*Chapter 61 of 2016*); \$32 million in fiscal 2018 (*Chapter 143 of 2017*); and \$24 million in fiscal 2019 (*Chapter 553 of 2018*).

Exhibit L-4
Higher Education Capital Funding by Institution
Fiscal 2016-2019
(\$ in Thousands)

<u>Institution</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Four-year Total</u>
UMB	\$81,550	\$85,000	\$6,490	\$11,064	\$184,104
UMCP	108,667	105,055	115,872	34,497	364,091
Bowie State University	39,728	31,501	0	1,500	72,729
Towson University	0	6,150	26,300	63,744	96,194
UMES	6,498	3,500	3,048	0	13,046
Frostburg State University	5,105	2,500	1,000	2,000	10,605
Coppin State University	0	0	1,336	1,634	2,970
University of Baltimore	0	9,300	3,750	0	13,050
Salisbury University	53,180	425	0	0	53,605
UMBC	6,000	7,640	40,249	68,159	122,048
UMUC	0	0	0	0	0
UMCES	4,531	0	0	0	4,531
USM Office	17,000	17,000	17,000	17,000	68,000
Subtotal, USM Institutions	\$322,259	\$268,071	\$215,045	\$199,598	\$1,004,973
Morgan State University	\$35,620	\$40,400	\$10,360	\$46,521	\$132,901
St. Mary's College of Maryland	10,482	2,700	9,832	6,005	29,019
Regional Centers ¹	5,166	39,761	88,651	23,114	156,692
BCCC	0	248	0	365	613
Community Colleges	54,926	59,386	57,552	60,095	231,959
Independents	9,600	9,600	14,700	17,000	50,900
Total	\$438,053	\$420,166	\$396,140	\$352,698	\$1,607,057

BCCC: Baltimore City Community College
 UMB: University of Maryland, Baltimore Campus
 UMBC: University of Maryland Baltimore County
 UMCES: University of Maryland Center for Environmental Science

UMCP: University of Maryland, College Park Campus
 UMES: University of Maryland Eastern Shore
 UMUC: University of Maryland University College
 USM: University System of Maryland

¹ Includes USM's Universities at Shady Grove and the Southern Maryland Higher Education Center.

Source: Department of Legislative Services

University of Maryland Strategic Partnership

Chapter 25 of 2016 established a strategic partnership between UMB and UMCP to be collectively called the University of Maryland.

The University of Maryland strategic partnership is a formal alliance that leverages the resources of each campus within the University of Maryland to benefit the State and improve and enhance:

- academic programs and experiences for students;
- research, technology, technology transfer, and commercialization for economic development; and
- public service and the commitment to community development.

The Act also established two centers, one on each campus. The University of Maryland Center for Economic and Entrepreneurship Development develops specified technology degree and credential programs, and the Center for Maryland Advanced Ventures pursues grant funding, implements guidelines for the transfer of technology, and facilitates the transfer of technology from the University of Maryland to commercial industries.

As discussed above, *Chapter 25* mandated funding for both centers and also addressed funding guideline attainment levels and mandated funding to bring the two lowest primarily residential USM institutions closer to the next lowest USM institution, which in fiscal 2016 was at 64% estimated funding guideline attainment, compared to the USM average of 72%.

Higher Education Affordability

College Affordability Act of 2016

The College Affordability Act of 2016, *Chapters 689 and 690*, addressed the issue of college affordability in Maryland in several ways: helping families save for college; assisting individuals with high student loan debt; making State financial aid programs more effective and accessible; and encouraging students to complete college on time.

College Savings Plans of Maryland State Contribution: Qualified tuition plans, also known as 529 plans, are state programs that allow an individual to either prepay or contribute to an account established for paying a student's qualified education expenses at an eligible educational institution. To make college savings more accessible for low- and middle-income families, *Chapters 689 and 690* provided for a \$250 State contribution to a college investment account in lieu of an income tax deduction. The State contribution is available if the account holder is a Maryland resident, submits an application to the College Savings Plans of Maryland Board between January 1 and June 1 of each year and has Maryland taxable income no greater than

\$112,500 for an individual or \$175,000 for a married couple filing a joint return in the previous taxable year.

Chapter 197 of 2016 also contributed to college affordability by expanding the eligibility of the College Savings Plan income tax subtraction modification by allowing each person who contributes funds to a qualified plan to claim the subtraction modification rather than only the account holder.

Subsequently, **Chapter 419 of 2018** altered some of the provisions of **Chapters 689 and 690** to attract additional investments in the plan. Specifically, the State match contribution was increased from \$250 to \$500 for account holders under a certain income threshold beginning in tax year 2018. Under **Chapters 689 and 690**, \$7 million was mandated in fiscal 2019 and \$10 million was mandated for every fiscal year thereafter. **Chapter 419** reduced the mandated funding level from \$7 million to \$3 million beginning in fiscal 2019 and each year thereafter to better reflect demand for the program. Additionally, the eligible contribution period was extended and certain account holders who contributed outside the original contribution period in tax year 2017 were allowed to receive a \$250 match retroactively.

Undergraduate Student Loan Debt Tax Credit: Chapters 689 and 690 also established that a qualified taxpayer, an individual who has incurred at least \$20,000 in undergraduate student loan debt and has at least \$5,000 in outstanding undergraduate student loan debt when submitting an application, can apply for a credit against his or her State income tax. The credit is awarded through an application and prioritization process, and any credit claimed must be used for the repayment of the individual's undergraduate student loan debt as soon as practicable. The total amount of credits that may be approved in any taxable year may not exceed \$5 million beginning in tax year 2017. A credit for an individual may not exceed \$5,000 and is refundable. **Chapter 419** increased the amount of student loan debt relief tax credits that may be certified each year from \$5 million to \$9 million, reflecting demand for the program.

Additionally, **Chapter 382 of 2018** expanded the eligibility of the credit to include graduate school debt.

Student Completion: In order to incentivize graduation within two (for an associate's degree) or four (for a bachelor's degree) years of matriculation, **Chapters 689 and 690** also required that Guaranteed Access (GA) and Educational Assistance (EA) Grants be prorated after the student's first two academic years of enrollment. Beginning in the third academic year, a student who has completed 30 credits in the prior academic year will receive the full amount; if a student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount will be prorated based on the amount of credits completed divided by 30. The academic year includes the fall, spring, and summer semesters. This provision applies beginning in the 2018-2019 academic year. Prior to this change, a 12-credit-hour semester (or 24 credit hours in an academic year) was considered full time and a student would have received a full award; however, students cannot graduate on time unless they take 30 credits each academic year.

Delinquent Student Accounts: Chapters 689 and 690 also addressed the issue of students who have small account delinquencies not being able to register for classes. If a student owes

\$250 or less on an account, public institutions of higher education must allow the student to register for classes and give them until the end of the late registration period of the subsequent semester to settle the balance. If a student owes more than \$250, the student must enter into a payment plan and make timely payments in accordance with the payment plan with the institution, and is given until the end of the late registration period of the subsequent semester to do so. Public institutions of higher education are prohibited from referring a delinquent student account to the Central Collection Unit unless a student fails to adhere to these requirements.

New Scholarships

Maryland Community College Promise Scholarship and Near Completers: Chapter 554 of 2018 established several initiatives intended to reduce the cost of attending community college and increase postsecondary completion rates in the State. These included (1) beginning in the 2019-2020 academic year, the creation of a Maryland Community College Promise Scholarship Program for eligible applicants; (2) programs for students nearing the completion of a degree; and (3) specified tuition caps for community colleges in academic years 2019-2020 and 2020-2021. The Governor must include an annual appropriation of at least \$15.0 million in the State budget for promise scholarships beginning in fiscal 2020 and, for near completer programs, a total of \$425,000 in fiscal 2020 and a total of \$550,000 in each of fiscal 2021 through 2024.

- ***Promise Scholarship and Tuition Caps:*** The Maryland Community College Promise Scholarship Program established by ***Chapter 554*** is available to a candidate for a vocational certificate, a certificate, or an associate's degree at a community college in the State. The annual scholarship award may not be more than \$5,000 per recipient, or actual tuition, whichever is less. For academic years 2019-2020 and 2020-2021, community colleges including BCCC may not increase the in-county tuition rate over the prior year by more than the increase in the three-year rolling average of the State's median family income or 4%, whichever is greater. As defined, "tuition" includes all mandatory fees. Any student financial aid, other than a student loan, received by the recipient must be credited to the recipient's tuition before the calculation of any award amount provided under the program. This is known as a "last dollar" scholarship.

Initial awards must be provided to recipients based on greatest demonstrated financial need. Priority for awards in subsequent years must be given to prior year recipients who remain eligible for the program. To be eligible for a scholarship, an applicant must meet a number of requirements including enrolling within two years after graduating from a high school or successfully completing a GED (diploma by examination) in the State. An applicant must have an annual adjusted gross income of not more than (1) \$100,000 if the applicant is single or resides in a single-parent household or (2) \$150,000 if the applicant is married or resides in a two-parent household. Applicants must also promise to meet a service obligation of being employed and filing taxes in the State for each year the individual receives a scholarship. Failure to meet the service obligation will result in the scholarship being converted into a loan payable to the State.

- **Near Completers:** According to the U.S. Census Bureau, approximately 19.4% of Maryland residents have completed some college, but they do not have an associate's or bachelor's degree. **Chapter 554** also established a number of programs aimed at encouraging and assisting these near completers to finish a degree. Specifically, MHEC must implement a statewide communication campaign for near completers. The Governor must include \$125,000 in the State budget in each year from fiscal 2020 through 2024 for the communication campaign. Also, MHEC must develop and implement a centralized web-based match program that facilitates the matching of a near completer with any institution of higher education at which the near completer would be able to complete the degree. For fiscal 2020 through 2024, the Governor must include in the State budget \$50,000 for the match program.

Chapter 554 also established a near completer grant program. Individuals must meet specified eligibility criteria to receive a near completer grant, including credit hours completed, and a minimum grade point average of 2.0. Grants are on a first-come, first-served basis. Maximum grant amounts are specified. The Governor must include \$250,000 for fiscal 2020 and \$375,000 for fiscal 2021 through 2024 in the State budget for near completer grants.

James Proctor Scholarship Program: James Proctor served in the Maryland House of Delegates from 1990 until his death in 2015. **Chapter 409 of 2018** established the James Proctor Scholarship Program to award scholarships for tuition and fees to State residents who attend a public historically black college or university (HBCU) in the State. Each HBCU must administer the program on its campus. The scholarships must be last dollar scholarships. The funds appropriated for the program must be divided and distributed equally to each HBCU.

Cybersecurity Public Service Scholarship: According to the U.S. Bureau of Labor Statistics, employment within computer and IT occupations is projected to grow 13% from 2016 to 2026, faster than the average for all occupations. **Chapter 415 of 2018** established the Cybersecurity Public Service Scholarship Program for eligible students pursuing an education directly relevant to cybersecurity. Recipients must complete a one-year service obligation that meets specified conditions for each year a scholarship is received or repay the State for the scholarship.

Richard W. Collins III Leadership with Honor Scholarship: Richard W. Collins III was a Reserve Officer Training Corps (ROTC) student at Bowie State University who was stabbed to death at a UMCP bus stop days before graduating. **Chapter 597 of 2018** established the Richard W. Collins III Leadership with Honor Scholarship Program. To be eligible, an individual must be (1) eligible for in-state tuition; (2) a member of a ROTC program; (3) a minority student or a student who is a member of another group historically underrepresented in ROTC programs; and (4) a student at an HBCU in the State. The Governor must include \$1.0 million in the annual budget for this scholarship program.

Workforce Development Sequence Scholarship: As part of a multi-faceted approach to encourage manufacturing jobs in the State, **Chapter 149 of 2017** established the Workforce

Development Sequence Scholarship for eligible students who are enrolled in a program at a community college composed of courses that are related to job preparation or an apprenticeship, licensure or certification, or job skills enhancement. The Governor must annually include an appropriation of \$1.0 million in the State budget to MHEC for the scholarship. To be eligible for a scholarship, a student must be a Maryland resident or have graduated from a Maryland high school and be enrolled at a community college in the State in an approved workforce development sequence. The annual amount of a scholarship awarded to an eligible student may not exceed \$2,000.

Changes to Existing Scholarships

Edward T. and Mary A. Conroy and Jean B. Cryor Memorial Scholarship Programs: *Chapter 215 of 2015* expanded the eligibility requirements for the Edward T. Conroy and Jean B. Cryor Memorial Scholarship programs to include the stepchildren of specified U.S. Armed Forces members, State or local public safety employees, or school employees who died in the line of duty or are 100% disabled due to an injury sustained in the line of duty. The expansion also includes the stepchildren of victims of the September 11, 2001 terrorist attacks. Further, in memory of Mary A. Conroy, who represented Prince George's County as senator for several months following the death of her husband Edward T. Conroy in 1982 and who later served as a member of the Maryland House of Delegates from 1986 until 2007, *Chapter 215* renamed the Edward T. Conroy Memorial Scholarship to be the Edward T. and Mary A. Conroy Memorial Scholarship.

Walter Sondheim Jr. Public Service Internship Scholarship Program: The Walter Sondheim Jr. Public Service Summer Internship Scholarship Program assists undergraduate and graduate students with exploring public service career opportunities through summer internships. To provide spring and fall internship scholarships in addition to summer internships, *Chapter 397 of 2015* expanded eligibility under the program. As established, the Shriver Center may award scholarships of \$3,000 under the program each year, subject to the availability of funds. However, *Chapter 251 of 2016* altered the scholarship by establishing a range of award amounts. Awards must be at least \$2,000 and no more than \$3,000.

Legislative Scholarships: The senatorial and delegate scholarships allow senators and delegates, respectively, to award scholarships in amounts and according to eligibility standards set in statute. There were a number of changes to the programs and students eligible for the scholarships.

Chapter 160 of 2016 authorized a recipient of a senatorial scholarship to request, and a senator to award, a scholarship for a fifth undergraduate academic year or for a semester subsequent to the end of a fourth undergraduate academic year if the recipient meets specified conditions.

Chapter 543 of 2017 authorized senatorial and delegate scholarships to be used at out-of-state institutions of higher education if the applicant is an individual who is on active duty with the U.S. military and domiciled in the State. It also authorized senatorial scholarships to be

awarded to an individual who is on active duty with the U.S. military and domiciled in the legislative district of the senator from whom the applicant seeks an award.

In addition, **Chapter 543** required funding for senatorial scholarships, beginning in fiscal 2020, to grow in the same manner as funding for delegate scholarships. Funding must reflect growth in the tuition and mandatory fees of the undergraduate program at the public four-year institution (excluding University of Maryland University College (UMUC) and UMB) with the highest annual expenses for a full-time resident undergraduate. **Chapter 543** also clarified the required funding increase for delegate scholarships each year.

Chapters 375 and 376 of 2018 authorized a recipient of a senatorial or delegate scholarship who is currently enrolled or was enrolled within the last two years, in a certificate or license program, course, or sequence of courses at a community college that leads to certification or licensure to use the scholarship to reimburse specified educational expenses.

Educational Excellence Awards: The Delegate Howard P. Rawlings Educational Excellence Award (EEA) is the State’s largest need-based aid program that consists of two types of awards for full-time undergraduate students to assist in paying educational costs: the GA grants that are awarded to the neediest students to ensure that 100% of educational costs are paid; and EA grants that are awarded to low- and moderate-income students to assist in paying educational costs.

Chapter 181 of 2016 allowed an applicant who is deaf or hearing impaired to use an EEA at a degree-granting institution of higher education outside the State if the student is attending an institution of higher education that makes special provision for deaf and hearing-impaired students and comparable special provisions are not available to the student at an institution of higher education in Maryland.

Chapters 388 and 389 of 2018 expanded eligibility for the GA grant to encompass individuals who have successfully obtained a high school diploma by examination if those individuals also meet certain criteria.

Chapters 812 and 813 of 2018 expanded eligibility for the EEA and Part-time Grant programs to include individuals who are eligible for in-state tuition under the Education Article. The expansion is known as the Jill Wrigley Memorial Scholarship Expansion Act in honor of Jill Wrigley, who was an attorney committed to social justice issues.

Maryland Technology Internship Program: Chapter 652 of 2014 created the Maryland Technology Internship program administered by UMBC to increase student understanding of employment opportunities in the State and foster business retention and development, job creation, workforce development, and new investment in the State. **Chapter 364 of 2018** changed the organizations allowed to participate, allowing incorporated units of State and local government and removing the prohibition against participation in the program by businesses with more than 150 employees. **Chapter 364** also authorized the maximum reimbursement amounts established to be increased in accordance with changes in employment market conditions as jointly determined by UMBC and the Department of Commerce.

Student Loans

According to the Project on Student Debt, about 54% of the Class of 2016 who graduated from public and private nonprofit colleges in Maryland had student loan debt. These borrowers owed an average of \$27,455. Several legislative initiatives addressed this issue with specific emphasis on the refinancing and the repayment of student loan debt.

Study on a State Student Loan Refinancing Program: Chapter 620 of 2018 required the Maryland Health and Higher Educational Facilities Authority (MHHEFA) to engage an outside consultant to conduct a market-specific study to determine the costs of, demand for, and long-term viability of a State student loan refinancing program. The market-specific study conducted by the consultant must examine all of the areas recommended in an October 2017 student loan refinancing report coauthored by MHHEFA and the Department of Legislative Services, with assistance from MHEC, that was required by ***Chapter 290 of 2016***. The consultant's study must include a cost analysis, a demand analysis, and an analysis of the competitive landscape of the student loan refinancing marketplace. ***Chapter 620*** included mandated funding of \$250,000 in the fiscal 2020 State budget for the costs of the outside consultant.

County Student Loan Refinancing Authorities: Chapter 296 of 2016 authorized Montgomery County to create the Montgomery County Student Loan Refinancing Authority. Before Montgomery County may establish the authority, it must study aspects of implementing the authority in accordance with State and county law including (1) a feasibility and demand study; (2) an assessment of the potential benefit to recruitment and retention of county and school system employees; and (3) an examination of the operation of similar programs. Similarly, ***Chapter 311 of 2017*** expressed legislative intent that Prince George's County study whether the county should provide student debt assistance including loan refinancing.

Howard County Loan Assistance Repayment Program: The existing statewide Loan Assistance Repayment Program (LARP) provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, physician assistants, dentists, lawyers, and other professionals serving underserved areas of the State or low-income families. ***Chapter 140 of 2018*** authorized Howard County to establish a LARP specifically for teachers employed by the Howard County Public School System in order to attract, recruit, and retain a diverse cadre of qualified teachers that reflects the student population within the county schools.

Loan Assistance Repayment Program – Farmers: Chapters 404 and 405 of 2018 established the Maryland LARP for Farmers (Farmer LARP) to assist in the repayment of higher education loans leading to a degree in agriculture or an agriculture-related field including farming. MHEC must assist in the repayment of a loan for an individual who (1) has received a degree in agriculture or an agriculture-related field; (2) has been a farmer for at least 5 years, but not more than 10 years since obtaining the degree; and (3) receives a specified income. Priority must be given to a farmer who is a full-time farmer and uses sustainable agricultural techniques and demonstrates environmental stewardship.

Foster Care Loan Assistance Repayment Program: Chapter 719 of 2016 established a Maryland LARP for Foster Care Recipients. The Office of Student Financial Assistance within MHEC must assist in the repayment of higher education loans owed by a foster care recipient who (1) is employed for a minimum of 20 hours per week by the State or a county or municipality of the State and (2) received an undergraduate or graduate degree from an institution of higher education in the State.

Tuition Waivers and Subsidies

Victims of Human Trafficking: Chapters 340 and 341 of 2015 authorized each board of community college trustees to waive the out-of-county or out-of-region fee for a student who is a victim of human trafficking. MHEC must adopt regulations to implement the Acts that require an application for a waiver of the out-of-county or out-of-region fee to contain specified evidence that the applicant is a victim of human trafficking. The number of waivers granted under the Acts must be reported annually.

AmeriCorps Program Participants: Approximately 1,800 individuals in Maryland serve in AmeriCorps annually, which is a national service program. **Chapter 826 of 2017** waived the 12-month residency requirement to receive in-state tuition at a public four-year institution of higher education for an individual who has completed all service hours for an AmeriCorps program in the State. A student is responsible for the difference between in-state and out-of-state tuition if the student does not retain residence in the State for the remainder of the school year for which in-state tuition was received.

Community Colleges – Waiver for Border State Residents: In general, any student who attends a community college in Maryland and is not a resident of Maryland must pay, in addition to the student tuition and fees payable by a county resident, an out-of-state fee that must be at least equal to an amount as derived from a formula specified in statute. **Chapter 691 of 2017** authorized the boards of trustees of community colleges located in jurisdictions that border another state to set an out-of-state fee that must be more than the out-of-county fee and may be less than the out-of-state fee required by statute. Such students must be excluded from the calculation of State aid to community colleges (the Senator John A. Cade Funding Formula). Since 13 of the 16 community colleges in the State have service areas that border another state or the District of Columbia, under the Act, all community colleges other than BCCC, Anne Arundel Community College, and Howard Community College may set a lower out-of-state fee.

Foster Care Recipients and Unaccompanied Homeless Youth: A tuition waiver program for children in foster care was established in 2000 and was extended to foster care children who were adopted from an out-of-home placement in 2007. The program was further expanded to include individuals who are placed into guardianship or who are adopted from an out-of-home placement by a guardianship family in 2013. In 2014 (Chapter 600), a similar waiver program was established for unaccompanied homeless youth.

Chapter 263 of 2016 expanded eligibility for the tuition waiver and mandatory fee exemption to attend a public institution of higher education in the State to include individuals who were in foster care out-of-state and who meet the same qualifications as eligible individuals who

were in foster care in the State. **Chapter 306 of 2016** allowed noncredit courses taken to earn a vocational certificate to qualify for the tuition waiver for foster care and unaccompanied homeless youth. **Chapter 306** also expanded eligibility for the foster care recipient tuition waiver to an individual who resided in an out-of-home placement in the State for at least one year on or after the individual's thirteenth birthday and returned to live with the individual's parents after the out-of-home placement ended.

Both **Chapter 263** and **Chapter 306** expanded eligibility to include an individual who resided in an out-of-home placement (including out-of-state) on the individual's eighteenth birthday. **Chapters 320 and 321 of 2017** further extended eligibility to an individual who resided in an out-of-home placement at the time the individual graduated from high school or successfully completed a GED. The legislation also clarified that "tuition" for which the waiver may be used includes all fees for credit-bearing and noncredit courses required as a condition of enrollment.

Finally, **Chapter 369 of 2018** allowed an individual who enters out-of-home placement after his or her thirteenth birthday, remains in out-of-home placement for at least 1 year; and is later placed into guardianship, adopted, or reunited with at least one of the individual's parents be eligible for a tuition waiver. The legislation also extended the period of time during which a foster care recipient may continue to be exempt from the payment of tuition from 5 to 10 years after first enrolling as a candidate for an associate's degree or bachelor's degree.

Higher Education Institution Financial Aid Requirements

When a student receives financial aid from another entity after the initial financial aid package is offered, an institution may reduce the amount of institutional aid (or other types of financial aid in some circumstances) a student receives. This practice is known as scholarship displacement. In some cases, depending on the type of aid being offered, the displacement is required by U.S. Department of Education regulations.

Chapters 331 and 332 of 2017 authorized a public four-year institution of higher education to reduce institutional gift aid offers as a result of private scholarship awards only under specified circumstances. These included when a student's total gift aid from all sources exceeds the student's financial need and when required in order to comply with the National Collegiate Athletic Association's individual or team financial aid restrictions.

Chapter 658 of 2017 required each institution of higher education that receives funding from the State to provide certain student loan information to each undergraduate enrolled in the institution who applies for federal student aid in the applicable award year. **Chapters 359 and 360 of 2018** expanded this requirement to include all private career schools, for-profit institutions, and nonprofit institutions of postsecondary education that receive student loan information from the U.S. Department of Education, regardless of whether the institution receives State funding. Each institution must provide the information annually with the student's financial aid award notice.

Access to Higher Education

Outreach and College Access Pilot Program

Chapters 200 and 201 of 2015 established the Maryland Higher Education Outreach and College Access Pilot Program as a two-year pilot program for eligible nonprofit organizations that meet specified requirements to be administered by MHEC. *Chapter 399 of 2018* extended the termination date for the pilot program by three years (through September 2022) and specified that the pilot program be established for a five-year period.

Individuals with Disabilities

Chapter 612 of 2017 established the James W. Hubbard Inclusive Higher Education Grant Program. The program awards competitive grants to institutions of higher education to develop and implement programs that provide inclusive higher education opportunities for students with intellectual and developmental disabilities, subject to specified conditions.

Veterans on Campus

When actively serving in the U.S. Armed Forces, service members live where the military needs them. Once their service is over and they are discharged, it can be difficult for service members and their dependents to establish residency in any state in order to receive in-state tuition benefits. Under Section 702 of the federal Veterans Access, Choice, and Accountability Act of 2014, veterans and their spouses and children, using Veterans Education Benefits under the Post 9/11 GI Bill and the Montgomery GI Bill, must be exempt from paying out-of-state tuition at public institutions of higher education by July 1, 2015. Institutions must provide in-state tuition to veterans and eligible dependents to remain eligible to receive GI Bill education payments. *Chapter 279 of 2015* required each public institution of higher education to comply with federal law exempting specified veterans of the U.S. Armed Forces, and their spouses and children, from paying out-of-state tuition at a public institution of higher education.

To promote awareness of veteran reintegration challenges, communication and coordination of available veteran services, financial aid and GI bill support services, and other key aspects of educational success for student veterans, *Chapters 413 and 414 of 2016* established the Maryland College Collaboration for Student Veterans Commission in the Maryland Department of Veterans Affairs.

In January 2011, 21 State public institutions of higher education entered into a Memorandum of Understanding (MOU) in which the institutions agreed to provide certain veterans support services. *Chapter 474 of 2018*, the Colonel Todd J. Hixson Memorial Resource Center Act, named in honor of the son of Delegate Sheila E. Hixson, expanded on that agreement and required each community college to employ at least one individual whose job duties and responsibilities include providing enrollment and advising services to current and prospective students who are veterans. *Chapter 474* also required community colleges to ensure that all student advisors are trained on the unique needs and resources available to students who are veterans and to establish a veterans' resource center on each campus.

Chapter 400 of 2018 required public institutions of higher education to grant priority course registration to service members currently serving in any branch of the Armed Forces or a veteran (within 15 years of last serving on active duty) of any branch of the Armed Forces who has received an honorable discharge or a certificate of satisfactory completion of military service.

Individuals with a Criminal History

Chapter 2 of 2018 prohibited an institution of higher education that receives State funds from using an undergraduate admissions application that contains questions about the criminal history of the applicant. However, an institution may use a third-party admissions application that contains questions about the criminal history of the applicant if the institution posts a notice on its website stating that a criminal history does not disqualify an applicant from admission.

Under *Chapter 2*, a student's criminal history may be inquired into and considered only for the purposes of deciding admission and access to campus residency or offering counseling and services. An institution of higher education must develop a process that considers specified issues in denying admission or limiting access to an affected student's campus residency or a specific academic program.

Student Safety and Health

Sexual Assault

Under federal law, a school is obligated to act when it knows or reasonably should have known that one of its students has been sexually assaulted. A school is charged with providing a safe learning environment for all students and giving victims the help needed to reclaim their education. As part of Title IX of the federal Education Amendments of 1972, schools that receive federal financial assistance are required to take the necessary steps to prevent sexual assault on their campuses and respond promptly and effectively when an assault is reported.

Chapter 436 of 2015 required the sexual assault policies of institutions of higher education to conform with Title IX in addition to other requirements and required MHEC to establish procedures by which institutions administer a sexual assault campus climate survey at least every two years. Further, *Chapter 436* required a sexual assault policy to prohibit specified disciplinary actions and retaliation against specified students involved in an investigation of sexual assault. The policy must also include provisions for the pursuit, by the institution, of formalized agreements with a local law enforcement agency that complies with the relevant provision of Title IX and a State-designated rape crisis program or federally recognized sexual assault coalition, or both.

A number of high-profile incidents of sexual violence at institutions of higher education have heightened scrutiny of the policies and procedures that institutions use to address sexual violence on campus, including campus discipline hearings. *Chapters 394 and 395 of 2018* required the governing body of each institution of higher education to adopt and submit a revised sexual assault policy that includes provisions for disciplinary proceedings that meet specified requirements. Generally, the provisions must permit access to counsel, paid for by MHEC, for

each student (a current or former student who was enrolled at the time of the incident) who makes a complaint on which a formal Title IX investigation is initiated and each student (current or former) responding to such a complaint.

Addiction and Prevention Policies

Heroin and Opioids: According to a 2016 Department of Health and Mental Hygiene report, heroin-related deaths in Maryland tripled from 2011 to 2015. ***Chapters 573 and 574 of 2017*** required each institution of higher education in Maryland that receives State funding to establish a policy that addresses heroin and opioid addiction and prevention including training for specified students and obtaining and storing naloxone or other overdose-reversing medications. UMUC, the University of Maryland Center for Environmental Science, and any off-campus location of an institution of higher education are exempt from the requirements for in-person awareness training and obtaining and storing naloxone or other overdose-reversing medications. The Acts also required institutions of higher education that award specified degrees to offer instruction in substance use disorders, effective treatment for substance use disorders, and pain management. ***Chapter 414 of 2018*** clarified the exemptions in the original law by exempting the nonresidential campuses from the requirement to provide training for campus personnel on symptom recognition and medication administration procedures and from the annual reporting requirement on the use of overdose incidents on campus. However, ***Chapter 414*** specified that the nonresidential locations must provide all students, as opposed to only incoming part-time students, with educational resources on heroin and opioid addiction and prevention.

Alcohol and Drugs: In recognition of the challenges faced by individuals in recovery while attending college, some institutions of higher education across the nation have established collegiate recovery programs to provide support. The most successful programs have (1) a dedicated staff person; (2) a physical space on campus; and (3) an abstinence-based recovery program. ***Chapter 582 of 2017*** required the president of each USM institution to develop and implement a collegiate recovery program to provide support and services for enrolled students recovering from alcohol or drug addiction.

Public Health – Emergency Use Auto-Injectable Epinephrine

Chapter 527 of 2018 established the Emergency Use Auto-Injectable Epinephrine Program at Institutions of Higher Education within the Maryland Department of Health to authorize qualified individuals, through issuance of a certificate, employed by a food service facility or a recreation and wellness facility at an “eligible institution” to obtain, store, and administer auto-injectable epinephrine to individuals experiencing, or believed to be experiencing, anaphylaxis. ***Chapter 527*** established legal immunities for certificate holders or their agents, prescribing physicians, and pharmacists acting in compliance with the program unless standards and procedures are not followed or the auto-injectable epinephrine is beyond the manufacturer’s expiration date.

Regulation of Institutions and Consumer Protection

Fully Online Distance Education

Chapter 319 of 2015 altered the definition of “fully online distance education program” to require MHEC to determine whether any portion of a program offered at a location in the State requires a certificate of approval to operate. When physical presence is achieved, the institution of higher education that offers the program must obtain a certificate of approval to operate in the State instead of pursuing the lesser regulatory structure of registering the program with MHEC. Chapter 132 of 2014 inadvertently created gaps in MHEC’s authority to regulate out-of-state institutions that offer online education programs in the State. *Chapter 319* returned the law to the posture prior to passage of Chapter 132.

The State Authorization Reciprocity Agreement (SARA) is an agreement among member states, districts, and territories that establishes comparable standards for the interstate offering of postsecondary distance education courses and programs. The intent is to make it easier for students to take online courses offered by postsecondary institutions based in another state. SARA membership is voluntary and is overseen by a national council. SARA participation is by institution; therefore, even if a state belongs to SARA, each institution must decide for itself whether to operate under SARA. Before operating under SARA, an institution must be authorized by its home state, by the appropriate body. *Chapters 175 and 176 of 2015* authorized MHEC to be the appropriate authorizing body for SARA.

Private Career Schools and For-profit Institutions of Higher Education

Consumer Protections: Due to a report highlighting the aggressive marketing practices by private career schools and for-profit institutions of higher education, there was increased scrutiny of the consumer practices of these schools and institutions in Maryland. *Chapters 552 and 553 of 2016* prohibited a private career school or for-profit institution of higher education from enrolling a student in a program that is intended to lead to employment in a field that requires licensure or certification in the State under specified circumstances. *Chapters 835 and 836 of 2018* expanded the prohibition to include for-profit institutions that are required to register with MHEC. A violation of these laws is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Net Price Calculator: Institutions of postsecondary education that are required to make a net price calculator publicly available on their website under federal law must ensure that it is posted in a conspicuous location. *Chapters 552 and 553* expanded to all private career schools, for-profit institutions of higher education, and nonprofit institutions of postsecondary education that operate in the State the requirement to provide all first-time full-time undergraduate students with specified student loan information, similar to the information contained on the Financial Aid Shopping Sheet.

Guaranty Funds and Performance Bonds: *Chapters 552 and 553* also required MHEC to create and provide for two separate guaranty funds – one each for private career schools and

for-profit institutions of higher education. *Chapters 552 and 553* made further changes to the process and amount that students can claim against the funds. However, *Chapters 835 and 836* returned the law to the posture prior to passage of *Chapters 552 and 553*, making the establishment and use of the guaranty funds permissive, rather than mandatory. In addition to the change to the guaranty funds, *Chapters 835 and 836* required each private career school and for-profit institution, including those required to register, to furnish a performance bond or irrevocable letter of credit in an amount equal to the school's or institution's non-Title IV adjusted gross tuition and fees for the prior July 1 through June 30.

Religious Educational Institutions

In order to operate without a certificate of approval from MHEC or without registering with MHEC (for a fully online distance education program), a religious educational institution must meet a number of conditions. Each year, on average, two or three applications from institutions seeking to operate without a certificate of approval or registering must be denied by MHEC because their curriculum includes some general education courses. *Chapters 161 and 162 of 2016* repealed the condition that a religious educational institution must not “offer instruction in nonsectarian or general education” to operate without a certificate of approval from MHEC or registering with MHEC.

Student Personal Electronic Accounts

Institutions of postsecondary education are prohibited from requiring, requesting, suggesting, or causing a student or prospective student to grant access to, allow observance of, or disclose information that allows access to or observation of the individual's personal electronic account through *Chapters 465 and 466 of 2015*. The governing board of an institution of postsecondary education may adopt a policy that requests that a student create a generic personal electronic account in order to complete an academic or career-based activity. The board may not penalize a student or applicant because of his or her refusal to comply with any actions covered within the legislation.

Public Institution Governance

University System of Maryland

A quasi-endowment is a fund or an investment established by the governing board of an organization with the expectation that the monies be invested and managed to last in perpetuity; in general, the governing board may decide at any time to expend the principal. *Chapters 741 and 742 of 2017* authorized the USM Board of Regents (BOR) to make a one-time transfer of no more than \$50.0 million from the State-supported fund balance to the quasi-endowment fund. The board may use the investment proceeds for facility renewal projects relating only to capital facilities used for State-supported activities.

The A. James and Alice B. Clark Foundation announced a donation of \$219.5 million to UMCP in October 2017 for a number of initiatives including a need-based scholarship program. *Chapters 392 and 393 of 2018* authorized the USM BOR to make a one-time transfer of no more

than \$25 million from the non-State-supported fund balance to the quasi-endowment fund. The board may use the investment proceeds only to match a privately funded scholarship program at UMCP. In addition, *Chapter 393 of 2018* also stated that the unexpired or partial term of a member of the USM BOR appointed to fill a vacancy does not qualify as a full term for the purposes of the prohibition against a member serving two consecutive five-year terms.

Baltimore City Community College

Chapters 847 and 848 of 2017 altered the membership of the Board of Trustees of BCCC and required the board members to complete specified tasks related to the realignment of BCCC by December 1, 2018, in addition to the existing statutory duties and responsibilities. Required realignment tasks included reviewing and strategically aligning core courses; making workforce development and job placement top educational priorities; aligning the budget with realistic enrollment projections; and engaging a comprehensive review of all positions, faculty and staff.

Chapters 847 and 848 also outlined certain criteria that a president of BCCC must meet at a minimum in addition to what is currently in statute and prohibited the appointment of a new president until the new members of the board were appointed.

Regional Higher Education Centers

The Frederick Regional Higher Education Center was renamed by *Chapter 218 of 2015* to be the Frederick Center for Research and Education in Science and Technology, or CREST. The legislation also designated an advisory board as being a governing board with the ability to submit an application to MHEC to become a regional higher education center and be eligible for State funding.

USM and the Southern Maryland Higher Education Center (SMHEC) entered into an MOU in January 2018 that outlined the parameters of a planned merger between the two entities. *Chapter 402 of 2018* repealed SMHEC from statute as an independent entity and is contingent on the USM Chancellor appointing UMCP to oversee the administration and research of the center. Further, *Chapter 402* is contingent on the Chancellor soliciting advice from UMCP before appointing an executive director of SMHEC and on the submission of a report on the capital needs of the center. *Chapter 402* has a delayed effective date of March 1, 2019. The fiscal 2019 budget authorizes the transfer of SMHEC funding from MHEC to the USM office.

Libraries

Reorganization

Chapters 337 and 338 of 2017 established the Maryland State Library Agency as a separate agency with a 12-member Maryland State Library Board (MSLB); concomitantly the Division of Library Development and Services within the Maryland State Department of Education (MSDE) as well as the 12-member Maryland Advisory Council on Libraries is abolished. The State Librarian is appointed by the new board as the head of the agency. In general, MSDE's authority

and responsibilities related to library development in the State were transferred to the new board. The authority to certificate professional library personnel was retained by MSDE. It is within the MSLB budget that funding is included for the State Library Resource Center (SLRC), regional resource centers, the Maryland Library for the Blind and Physically Handicapped, each metropolitan service program, and the Deaf Culture Digital Library.

Funding

The State provides financial assistance to local public libraries through formulas based on a minimum per capita library program. The State also provides funding to libraries designated as resource centers including SLRC and to regional resource centers in Salisbury, Charlotte Hall, and Hagerstown. Over the four-year term, multiple bills altered the amount of aid to be provided in certain fiscal years.

State Aid to Local Libraries

For county public libraries, Chapter 500 of 2014 established an increase in per capita funding with a four-year phase-in to increase from \$14.00 per capita to \$16.70 per capita by fiscal 2019. *Chapter 489 of 2015*, the Budget Reconciliation and Financing Act (BRFA), reduced the annual increases and extended the phase-in period through fiscal 2025. *Chapter 549 of 2016* accelerated the scheduled increases by three years to \$16.70 per capita by fiscal 2022.

State Aid to Regional Resource Centers

Under Chapter 500 of 2014, per resident funding for regional resource centers was set to increase to \$7.50 in fiscal 2016 and phase up to \$8.75 per resident by fiscal 2019. *Chapter 489* reduced the annual increases and extended the phase-in period to fiscal 2025. *Chapter 549* also accelerated these scheduled increases by three years to \$8.75 by fiscal 2022.

State Aid to the State Library Resource Center

Chapter 397 of 2011, the BRFA, set funding for SLRC at \$1.67 per resident for fiscal 2012 through 2016, before a phase-in to \$1.85 by fiscal 2019. *Chapter 489* extended the phase-in to reach \$1.85 in fiscal 2025. *Chapter 549* accelerated the scheduled increases by four years to reach \$1.85 in fiscal 2021.

In terms of total operating funding, the State provided \$41.9 million in fiscal 2019 compared to \$35.4 million in fiscal 2016 (18.4% growth) for the county libraries, \$7.7 million in fiscal 2019 compared to \$6.6 million in fiscal 2016 (15.3% growth) for the regional libraries, and \$10.7 million in fiscal 2019 compared to \$9.9 million in fiscal 2016 (7.6% growth) for SLRC. The State has also annually provided approximately \$64,000 for interlibrary and metropolitan cooperative service programs.

In addition to these funds, the State provides \$5 million annually in capital grants for county library capital projects.

Accessibility in Underserved Areas

To increase the operating hours of library branches that are located in poor and underserved communities in Baltimore City, *Chapters 714 and 715 of 2016* required a State grant to be made available to fund the increased operating expenses for the branches of the Enoch Pratt Free Library that increase their operating hours above the hours in effect as of January 1, 2016. For fiscal 2018 through 2022, the Governor is required to include in the State operating budget \$3 million to support the additional operating expenses. To receive these State funds, Baltimore City is required to provide a 25% match for each dollar of State funds and may use public and private funds to satisfy the match requirement.

Part M

Chapters to Bill Numbers by Session

2015 Regular Session

Chapter	Bill	Chapter	Bill
1	HB1118	31	SB0423
2	SB0080	32	SB0432
3	SB0030	33	SB0442
4	SB0061	34	SB0449
5	SB0069	35	SB0450
6	SB0074	36	SB0465
7	SB0076	37	SB0498
8	SB0077	38	SB0541
9	SB0097	39	SB0553
10	SB0102	40	SB0555
11	SB0104	41	SB0596
12	SB0109	42	SB0602
13	SB0110	43	SB0604
14	SB0122	44	SB0626
15	HB0540	45	SB0641
16	SB0142	46	SB0685
17	SB0148	47	SB0689
18	SB0178	48	SB0702
19	SB0215	49	SB0707
20	SB0217	50	SB0763
21	SB0222	51	SB0770
22	SB0223	52	SB0802
23	SB0241	53	HB0466
24	SB0320	54	SB0818
25	SB0325	55	SB0886
26	SB0339	56	HB0005
27	SB0362	57	HB0049
28	SB0371	58	HB0067
29	SB0401	59	HB0068
30	SB0418	60	HB0082

2015 (cont.)

Chapter	Bill
61	HB0088
62	HB0089
63	HB0091
64	HB0092
65	HB0093
66	HB0095
67	HB0106
68	HB0123
69	HB0131
70	HB0134
71	HB0139
72	HB0145
73	HB0150
74	HB0179
75	HB0182
76	HB0201
77	HB0202
78	HB0203
79	HB0230
80	HB0233
81	HB0245
82	HB0284
83	HB0286
84	HB0296
85	HB0316
86	HB0328
87	HB0329
88	HB0358
89	HB0399
90	HB0424
91	HB0456
92	HB0527
93	HB0549
94	HB0556
95	HB0558
96	HB0565
97	HB0589
98	HB0591
99	HB0598
100	HB0666
101	HB0705
102	HB0748
103	HB0786

Chapter	Bill
104	HB0828
105	HB0835
106	HB0844
107	HB0845
108	HB0859
109	HB0864
110	HB0878
111	HB0931
112	HB0978
113	HB1028
114	HB1035
115	HB1056
116	HB1080
117	HB1111
118	HB1114
119	HB1115
120	HB1226
121	HB1227
122	HB1241
123	HB1244
124	SB0863
125	SB0592
126	SB0321
127	SB0413
128	SB0482
129	HB0533
130	SB0882
131	HB0113
132	HB0114
133	HB0771
134	HB0954
135	SB0695
136	HB0755
137	HB0939
138	HB0940
139	HB0941
140	HB0942
141	HB0943
142	SB0004
143	SB0022
144	SB0038
145	SB0051
146	SB0060

2015 (cont.)

Chapter	Bill	Chapter	Bill
147	SB0068	190	SB0643
148	SB0088	191	SB0662
149	SB0094	192	SB0673
150	SB0103	193	SB0694
151	SB0107	194	SB0715
152	SB0121	195	SB0726
153	SB0133	196	SB0744
154	SB0230	197	SB0766
155	SB0297	198	SB0767
156	SB0298	199	SB0793
157	HB0313	200	SB0816
158	SB0299	201	HB0779
159	SB0330	202	SB0844
160	SB0343	203	SB0864
161	SB0353	204	SB0868
162	SB0360	205	SB0902
163	SB0364	206	SB0906
164	SB0370	207	SB0909
165	SB0374	208	SB0910
166	SB0383	209	SB0913
167	SB0391	210	SB0922
168	SB0410	211	SB0925
169	SB0422	212	SB0928
170	HB0746	213	SB0929
171	SB0426	214	SB0940
172	SB0441	215	HB0011
173	SB0443	216	HB0014
174	SB0460	217	HB0035
175	SB0496	218	HB0037
176	HB0672	219	HB0058
177	SB0499	220	HB0064
178	SB0500	221	HB0115
179	SB0502	222	HB0117
180	SB0508	223	HB0140
181	SB0540	224	HB0154
182	SB0560	225	HB0164
183	SB0599	226	HB0165
184	SB0618	227	HB0180
185	SB0631	228	HB0187
186	SB0634	229	HB0208
187	SB0635	230	HB0217
188	SB0637	231	HB0235
189	SB0639	232	HB0246

2015 (cont.)

Chapter	Bill
233	HB0263
234	HB0274
235	HB0287
236	HB0290
237	HB0291
238	HB0300
239	HB0323
240	HB0327
241	HB0340
242	HB0354
243	HB0356
244	HB0382
245	HB0386
246	HB0425
247	HB0430
248	HB0440
249	HB0463
250	HB0472
251	HB0490
252	HB0493
253	HB0497
254	HB0509
255	HB0515
256	HB0522
257	HB0524
258	HB0543
259	HB0544
260	HB0554
261	HB0566
262	HB0587
263	HB0613
264	HB0617
265	HB0649
266	HB0674
267	HB0681
268	HB0694
269	HB0716
270	HB0720
271	HB0738
272	HB0750
273	HB0756
274	HB0759
275	HB0775

Chapter	Bill
276	HB0793
277	HB0795
278	HB0797
279	HB0799
280	HB0801
281	HB0812
282	HB0827
283	HB0846
284	HB0873
285	HB0877
286	HB0913
287	HB0917
288	HB0919
289	HB0935
290	HB0936
291	HB0965
292	HB0981
293	HB1032
294	HB1039
295	HB1074
296	HB1104
297	HB1106
298	HB1110
299	HB1113
300	HB1160
301	HB1178
302	HB1188
303	HB1224
304	HB1229
305	HB1237
306	HB1279
307	HB1287
308	HB1289
309	HB1290
310	HB0070
311	SB0595
312	HB0485
313	HB0244
314	HB0304
315	SB0582
316	SB0185
317	HB0001
318	SB0005

2015 (cont.)

Chapter	Bill	Chapter	Bill
319	SB0013	362	SB0554
320	SB0044	363	SB0556
321	SB0067	364	SB0563
322	SB0083	365	SB0564
323	SB0086	366	SB0567
324	SB0135	367	SB0573
325	SB0145	368	SB0575
326	SB0150	369	SB0583
327	SB0157	370	SB0600
328	SB0174	371	SB0601
329	SB0187	372	SB0606
330	SB0195	373	SB0622
331	SB0201	374	SB0651
332	SB0204	375	SB0654
333	SB0225	376	SB0666
334	SB0265	377	SB0677
335	SB0269	378	SB0714
336	SB0288	379	SB0736
337	HB0737	380	SB0755
338	SB0315	381	SB0757
339	SB0331	382	SB0761
340	SB0335	383	SB0792
341	HB0847	384	SB0796
342	SB0344	385	SB0829
343	SB0350	386	SB0838
344	HB0243	387	SB0853
345	SB0369	388	HB1161
346	SB0398	389	SB0862
347	HB1087	390	SB0896
348	SB0415	391	SB0921
349	SB0433	392	HB0868
350	SB0444	393	HB0009
351	SB0456	394	HB0027
352	SB0466	395	HB0046
353	SB0472	396	HB0073
354	SB0477	397	HB0074
355	SB0490	398	HB0084
356	SB0516	399	HB0100
357	SB0520	400	HB0109
358	SB0542	401	HB0110
359	SB0546	402	HB0120
360	HB0368	403	HB0158
361	SB0549	404	HB0189

2015 (cont.)

Chapter	Bill
405	HB0191
406	HB0197
407	HB0200
408	HB0207
409	HB0216
410	HB0236
411	HB0278
412	HB0293
413	HB0298
414	HB0346
415	HB0349
416	HB0367
417	HB0375
418	HB0390
419	HB0431
420	HB0447
421	HB0452
422	HB0460
423	HB0473
424	HB0479
425	HB0489
426	HB0501
427	HB0510
428	HB0511
429	HB0514
430	HB0535
431	HB0541
432	HB0555
433	HB0561
434	HB0562
435	HB0564
436	HB0571
437	HB0580
438	HB0585
439	HB0599
440	HB0600
441	HB0614
442	HB0618
443	HB0624
444	HB0630
445	HB0634
446	HB0652
447	HB0657

Chapter	Bill
448	HB0675
449	HB0689
450	HB0703
451	HB0707
452	HB0729
453	HB0744
454	HB0769
455	HB0782
456	HB0803
457	HB0805
458	HB0821
459	HB0848
460	HB0852
461	HB0860
462	HB0871
463	HB0884
464	HB0896
465	HB0934
466	SB0210
467	HB0947
468	HB0999
469	HB1109
470	HB1172
471	HB1182
472	HB1183
473	HB1185
474	HB1234
475	HB1288
476	SB0146
477	SB0183
478	SB0264
479	HB0542
480	SB0409
481	HB0449
482	SB0416
483	HB0838
484	SB0743
485	HB0862
486	SB0905
487	HB0051
488	HB0054
489	HB0072
490	HB0121

2015 (cont.)

Chapter	Bill
491	HB0135
492	HB0137
493	HB0345
494	HB0552
495	HB0071

2016 Regular Session

Chapter	Bill
1	HB0209 of 2015rs
2	HB0071 of 2015rs
3	SB0190 of 2015rs
4	SB0517 of 2015rs
5	SB0528 of 2015rs
6	HB0980 of 2015rs
7	HB0204
8	SB0506
9	SB0507
10	HB0462
11	SB0323
12	HB1581
13	SB0324
14	SB0370
15	HB0368
16	SB0054
17	SB0098
18	SB0104
19	SB0110
20	SB0111
21	SB0112
22	SB0113
23	SB0378
24	SB0766
25	SB1052
26	SB1159
27	SB0191
28	HB0003
29	HB0684
30	HB0686
31	HB1400
32	HB1402
33	HB1403
34	HB1404

Chapter	Bill
35	HB0172
36	HB1013
37	HB0454
38	SB0099
39	HB0431
40	HB0596
41	SB0724
42	SB0047
43	SB0061
44	SB0078
45	SB0079
46	SB0091
47	SB0107
48	SB0109
49	SB0116
50	SB0130
51	SB0132
52	SB0146
53	SB0195
54	SB0212
55	HB0124
56	SB0240
57	SB0252
58	HB0511
59	SB0277
60	HB0342
61	SB0280
62	SB0281
63	SB0317
64	SB0321
65	SB0342
66	HB0837
67	SB0369
68	SB0410
69	SB0483
70	SB0516
71	HB0868
72	SB0530
73	SB0541
74	SB0549
75	HB0730
76	SB0629
77	HB0358

2016 (cont.)

Chapter	Bill	Chapter	Bill
78	SB0785	121	HB0798
79	HB1162	122	HB0801
80	SB0863	123	HB0803
81	HB0786	124	HB0827
82	HB0051	125	HB0832
83	HB0057	126	HB0841
84	HB0060	127	HB0843
85	HB0062	128	HB0844
86	HB0063	129	HB0890
87	HB0065	130	HB1090
88	HB0066	131	HB1101
89	HB0067	132	HB1105
90	HB0070	133	HB1109
91	HB0074	134	HB1144
92	HB0078	135	HB1161
93	HB0090	136	HB1220
94	HB0119	137	HB1408
95	HB0120	138	HB1445
96	HB0131	139	HB1457
97	HB0137	140	HB1493
98	HB0164	141	HB1503
99	HB0185	142	HB1527
100	HB0331	143	SB0190
101	HB0357	144	SB0376
102	HB0366	145	SB0377
103	HB0389	146	SB0381
104	HB0411	147	HB0437
105	HB0443	148	SB0004
106	HB0470	149	SB0016
107	HB0523	150	HB0226
108	HB0549	151	SB0028
109	HB0639	152	SB0031
110	HB0642	153	SB0072
111	HB0680	154	HB0233
112	HB0697	155	SB0075
113	SB0967	156	SB0076
114	HB0718	157	SB0077
115	HB0745	158	SB0080
116	HB0752	159	SB0108
117	HB0766	160	SB0120
118	HB0779	161	SB0128
119	HB0788	162	HB0878
120	HB0791	163	SB0129

2016 (cont.)

Chapter	Bill	Chapter	Bill
164	HB0163	207	SB0436
165	SB0134	208	HB0554
166	HB0148	209	SB0450
167	SB0135	210	HB1487
168	HB0149	211	SB0473
169	SB0145	212	SB0477
170	SB0148	213	SB0494
171	HB0354	214	HB0713
172	SB0170	215	SB0499
173	HB0344	216	HB1227
174	SB0182	217	SB0517
175	HB0849	218	SB0532
176	SB0194	219	HB1438
177	HB0496	220	SB0542
178	SB0217	221	SB0571
179	SB0218	222	HB0888
180	SB0219	223	SB0597
181	SB0272	224	HB1226
182	SB0307	225	SB0608
183	SB0312	226	SB0682
184	HB0329	227	HB1028
185	SB0282	228	SB0725
186	SB0314	229	SB0764
187	HB0136	230	SB0770
188	SB0343	231	SB0774
189	SB0344	232	SB0781
190	SB0345	233	SB0821
191	SB0352	234	SB0823
192	SB0368	235	HB0895
193	HB0384	236	SB0995
194	SB0372	237	SB1033
195	HB0707	238	SB1077
196	SB0373	239	SB1078
197	SB0374	240	SB1080
198	SB0379	241	SB1081
199	SB0393	242	SB1140
200	HB0490	243	SB1173
201	SB0395	244	HB1406
202	SB0408	245	HB0009
203	HB0241	246	HB0020
204	SB0421	247	HB0039
205	HB0086	248	HB0046
206	SB0431	249	HB0055

2016 (cont.)

Chapter	Bill
250	HB0085
251	HB0107
252	HB0112
253	HB0147
254	HB0205
255	HB0217
256	HB0229
257	HB0253
258	HB0285
259	HB0318
260	HB0319
261	HB0352
262	HB0365
263	HB0400
264	HB0412
265	HB0413
266	HB0429
267	HB0494
268	HB0503
269	HB0516
270	HB0541
271	HB0551
272	HB0655
273	HB0657
274	HB0670
275	HB0737
276	HB0747
277	HB0771
278	HB0799
279	HB0831
280	HB0852
281	HB0854
282	HB0873
283	HB0884
284	HB0889
285	HB0969
286	HB0994
287	HB1007
288	HB1008
289	HB1012
290	HB1015
291	HB1031
292	HB1064

Chapter	Bill
293	HB1069
294	HB1074
295	HB1077
296	HB1079
297	HB1092
298	HB1127
299	HB1135
300	HB1139
301	HB1147
302	HB1157
303	HB1181
304	HB1198
305	HB1247
306	HB1288
307	HB1311
308	HB1316
309	HB1318
310	HB1337
311	HB1469
312	HB1502
313	HB1537
314	HB1636
315	HB1644
316	HB0459
317	HB0186
318	SB0245
319	HB0306
320	SB1112
321	HB0489
322	HB0422
323	SB1007
324	HB1378
325	SB0001
326	HB0011
327	SB0008
328	HB0037
329	SB0017
330	HB0984
331	SB0022
332	HB0593
333	SB0046
334	HB0321
335	SB0066

2016 (cont.)

Chapter	Bill	Chapter	Bill
336	SB0074	379	SB0359
337	SB0084	380	HB0274
338	SB0085	381	SB0360
339	SB0086	382	HB0192
340	SB0087	383	SB0401
341	SB0088	384	HB1417
342	SB0090	385	SB0411
343	SB0092	386	HB1494
344	SB0094	387	SB0425
345	SB0093	388	SB0442
346	SB0095	389	HB0091
347	SB0096	390	SB0449
348	SB0097	391	HB0981
349	SB0106	392	SB0471
350	SB0119	393	HB1450
351	SB0137	394	SB0505
352	HB0276	395	SB0509
353	SB0141	396	HB0920
354	HB0602	397	SB0520
355	SB0162	398	HB0576
356	HB0075	399	SB0525
357	SB0169	400	SB0526
358	HB0828	401	SB0544
359	SB0200	402	HB0720
360	HB0497	403	SB0545
361	SB0226	404	HB0290
362	SB0227	405	SB0551
363	HB0790	406	HB0682
364	SB0239	407	SB0579
365	HB0507	408	HB0922
366	SB0242	409	SB0600
367	HB0886	410	HB1303
368	SB0256	411	SB0605
369	HB1017	412	HB0232
370	SB0285	413	SB0606
371	SB0297	414	HB1458
372	SB0306	415	SB0620
373	HB0833	416	HB1156
374	SB0310	417	SB0624
375	HB0245	418	SB0630
376	SB0336	419	SB0649
377	HB1277	420	SB0707
378	SB0354	421	SB0757

2016 (cont.)

Chapter	Bill	Chapter	Bill
422	HB0648	465	SB1076
423	SB0765	466	SB1097
424	SB0775	467	SB1106
425	SB0784	468	SB1109
426	HB0900	469	SB1119
427	SB0794	470	SB1126
428	SB0795	471	SB1135
429	HB0892	472	SB1136
430	SB0811	473	HB0069
431	HB0440	474	HB0104
432	SB0824	475	HB0117
433	HB1453	476	SB0469
434	SB0830	477	HB0140
435	HB1291	478	HB0188
436	SB0848	479	HB0202
437	HB1005	480	HB0264
438	SB0853	481	HB0320
439	HB0960	482	HB0326
440	SB0856	483	HB0340
441	HB0180	484	HB0385
442	SB0859	485	HB0439
443	HB0605	486	HB0472
444	SB0882	487	HB0488
445	SB0887	488	HB0501
446	SB0888	489	HB0534
447	HB0912	490	HB0555
448	SB0916	491	HB0557
449	HB1051	492	HB0567
450	SB0926	493	HB0631
451	HB0399	494	HB0675
452	SB0931	495	HB0676
453	HB0280	496	HB0727
454	SB0958	497	HB0815
455	HB1071	498	HB0898
456	SB0969	499	HB0958
457	HB1236	500	HB1123
458	SB0979	501	HB1128
459	SB0982	502	HB1129
460	SB1020	503	HB1167
461	HB0998	504	HB1168
462	SB1057	505	HB1217
463	SB1063	506	HB1268
464	SB1069	507	HB1281

2016 (cont.)

Chapter	Bill	Chapter	Bill
508	HB1299	551	HB0314
509	HB1344	552	SB0427
510	HB1385	553	HB0741
511	HB0260	554	SB0439
512	SB0945	555	HB0855
513	HB0409	556	SB0481
514	HB0565	557	HB1003
515	SB1005	558	SB0552
516	SB0864	559	HB0146
517	SB0160	560	SB0557
518	HB0157	561	HB0249
519	HB1016	562	SB0570
520	HB0022	563	HB0887
521	SB0417	564	SB0587
522	HB0420	565	SB0591
523	SB0818	566	HB0970
524	HB0928	567	SB0603
525	SB1104	568	SB0631
526	HB1624	569	HB0835
527	SB0010	570	SB0637
528	SB0042	571	HB0641
529	SB0083	572	SB0663
530	SB0150	573	HB1113
531	HB0237	574	SB0679
532	SB0156	575	SB0716
533	HB0098	576	HB0246
534	SB0173	577	SB0726
535	HB0105	578	SB0759
536	SB0178	579	SB0771
537	HB0493	580	SB0826
538	SB0185	581	HB0403
539	HB1333	582	SB0843
540	SB0187	583	SB0852
541	HB0659	584	SB0876
542	SB0233	585	HB0870
543	SB0241	586	SB0877
544	SB0278	587	HB1320
545	HB0155	588	SB0878
546	SB0283	589	HB0995
547	SB0288	590	SB0879
548	HB0484	591	HB1072
549	SB0337	592	SB0912
550	SB0346	593	HB0387

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Chapter	Bill
594	SB0936
595	SB0941
596	SB0946
597	HB1180
598	SB0998
599	HB0917
600	SB1015
601	HB1062
602	SB1047
603	SB1062
604	HB1533
605	SB1079
606	SB1143
607	HB0036
608	HB0058
609	HB0072
610	HB0076
611	HB0077
612	HB0121
613	HB0127
614	HB0132
615	HB0133
616	HB0166
617	HB0177
618	HB0312
619	HB0336
620	HB0446
621	HB0447
622	HB0632
623	HB0636
624	HB0637
625	HB0654
626	HB0671
627	HB0733
628	HB0739
629	HB0751
630	HB0773
631	HB0797
632	HB0816
633	HB0822
634	HB0840
635	HB0842
636	HB0871

Chapter	Bill
637	HB0983
638	HB0989
639	HB1004
640	HB1020
641	HB1029
642	HB1054
643	HB1059
644	HB1068
645	HB1073
646	HB1076
647	HB1087
648	HB1148
649	HB1182
650	HB1353
651	HB1371
652	HB1444
653	HB1446
654	HB1488
655	HB1634
656	SB0058
657	HB0014
658	SB0161
659	SB0175
660	HB0238
661	SB0198
662	HB0211
663	SB0266
664	HB0410
665	SB0271
666	HB0722
667	SB0322
668	HB0378
669	SB0390
670	HB0505
671	SB0422
672	HB0709
673	SB0426
674	HB0383
675	SB0480
676	HB0696
677	SB0485
678	HB0740
679	SB0508

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Chapter	Bill
680	SB0575
681	SB0582
682	HB0115
683	SB0584
684	HB0668
685	SB0586
686	SB0595
687	SB0614
688	HB1462
689	SB0676
690	HB1014
691	SB0687
692	HB0706
693	SB0750
694	HB0919
695	SB0753
696	SB0758
697	SB0777
698	SB0797
699	HB1476
700	SB0806
701	SB0905
702	HB0999
703	SB0937
704	SB0942
705	SB0968
706	HB1448
707	SB1009
708	SB1054
709	HB1387
710	SB1094
711	HB1411
712	SB1128
713	SB1158
714	SB1171
715	HB1401
716	HB0087
717	HB0349
718	HB0356
719	HB0360
720	HB0525
721	HB0535
722	SB0734

Chapter	Bill
723	HB0558
724	HB0724
725	HB0963
726	SB0459
727	HB0965
728	HB0986
729	HB0990
730	HB1021
731	HB1024
732	HB1115
733	HB1138
734	HB1179
735	HB1192
736	HB1210
737	HB1363
738	HB1395
739	HB1420
740	SB0493
JR 1	SJ0001

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2	SB0921 of 2016rs
3	HB0119
4	HB0503
5	HB1109
6	HB0684
7	SB0022
8	SB0024
9	SB0037
10	SB0182
11	HB1632
12	HB0642
13	HB1325
14	SB0184
15	SB0291
16	SB0484
17	SB0571
18	SB0884
19	SB1198
20	HB0005

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21	HB0074
22	HB0151
23	HB0152
24	HB0271
25	HB0516
26	HB0913
27	HB0924
28	HB1083
29	HB0978
30	SB0307
31	HB0879
32	HB0153
33	HB0664
34	SB0427
35	HB0522
36	SB0008
37	SB0019
38	SB0031
39	SB0032
40	SB0038
41	SB0040
42	SB0048
43	SB0094
44	HB0800
45	SB0106
46	HB0219
47	SB0101
48	HB0194
49	SB0140
50	HB0207
51	SB0163
52	HB0208
53	SB0128
54	HB0524
55	SB0165
56	SB0183
57	SB0190
58	HB0117
59	SB0251
60	HB1269
61	SB0493
62	SB0494
63	SB0111

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64	HB0363
65	SB0189
66	HB0116
67	SB0216
68	HB0769
69	SB0426
70	HB1294
71	SB0198
72	HB0178
73	SB0453
74	HB0646
75	SB0518
76	SB0558
77	HB1035
78	SB0211
79	HB0629
80	SB0473
81	SB0384
82	SB0448
83	HB0823
84	SB0569
85	HB0649
86	SB0681
87	SB0782
88	SB0820
89	HB0047
90	SB0819
91	HB0729
92	SB0897
93	SB0929
94	HB0959
95	SB0930
96	HB0695
97	SB1010
98	HB1008
99	SB1088
100	HB0115
101	HB0120
102	HB0126
103	HB0127
104	HB0130
105	HB0134
106	HB0136

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108	HB0144	151	SB0308
109	HB0145	152	HB0632
110	HB0146	153	SB0597
111	HB0148	154	HB0100
112	HB0149	155	HB0822
113	HB0154	156	SB0912
114	HB0155	157	HB1219
115	HB0198	158	SB0349
116	HB0199	159	HB0255
117	HB0307	160	SB0217
118	HB0346	161	SB0944
119	HB0431	162	HB0647
120	SB0297	163	HB0429
121	HB0565	164	SB1017
122	SB0372	165	SB0666
123	HB0291	166	HB0233
124	SB0279	167	SB0229
125	HB0302	168	HB0635
126	SB0389	169	SB0207
127	HB0306	170	HB0166
128	HB0311	171	HB1110
129	HB0342	172	SB0754
130	HB0560	173	SB0282
131	HB0566	174	HB0231
132	HB0448	175	SB0201
133	SB0344	176	HB1066
134	HB0457	177	SB0909
135	SB0347	178	HB0446
136	HB0534	179	HB1466
137	HB0572	180	SB0807
138	HB0712	181	HB0349
139	HB0747	182	SB0515
140	HB0797	183	HB0275
141	HB0605	184	HB1234
142	SB0204	185	SB0375
143	HB0717	186	HB0451
144	HB0929	187	SB0790
145	HB1096	188	HB0455
146	HB1440	189	HB0162
147	HB1578	190	SB0023
148	HB1604	191	HB0877
149	SB0317	192	SB0016

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193	SB0043
194	SB0035
195	SB0045
196	SB0077
197	HB0669
198	HB1261
199	HB0221
200	SB0185
201	HB0445
202	SB0671
203	HB0752
204	SB0906
205	HB0103
206	HB0147
207	SB0047
208	HB0132
209	HB0418
210	SB0294
211	HB0128
212	SB0696
213	HB0953
214	SB0082
215	SB0262
216	HB0771
217	SB0549
218	HB1265
219	HB0298
220	HB0190
221	HB0775
222	SB0600
223	HB0774
224	SB0380
225	HB0403
226	SB0369
227	HB0730
228	SB0108
229	SB0180
230	SB0235
231	SB0367
232	SB0416
233	HB0472
234	SB0436
235	HB0683

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236	SB0622
237	HB0530
238	HB0055
239	HB0351
240	HB0873
241	HB1323
242	SB0753
243	HB0861
244	SB0021
245	HB0137
246	SB0006
247	HB0138
248	HB0141
249	SB0017
250	HB0135
251	HB0139
252	HB0140
253	HB0182
254	HB0246
255	HB0248
256	HB0250
257	HB0810
258	HB0094
259	HB0245
260	SB0087
261	HB0505
262	SB0070
263	SB0072
264	HB1315
265	SB0206
266	HB0718
267	SB0255
268	HB0202
269	SB0256
270	HB0201
271	SB0401
272	HB0815
273	SB0399
274	HB0817
275	SB0752
276	HB0328
277	SB0913
278	HB1122

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279	HB0062	322	SB0485
280	SB0382	323	SB0595
281	HB1178	324	HB1475
282	SB0130	325	HB0257
283	SB0018	326	HB0654
284	SB0882	327	HB1061
285	HB0619	328	HB0715
286	SB0162	329	HB0685
287	HB0163	330	SB0521
288	HB0526	331	SB0327
289	HB0538	332	HB0266
290	HB0187	333	HB0548
291	SB0103	334	SB0667
292	SB0104	335	HB0920
293	HB0108	336	HB1568
294	SB0124	337	SB0587
295	HB0209	338	HB1094
296	HB0679	339	SB0495
297	SB0395	340	SB0004
298	SB0102	341	HB0283
299	HB0109	342	HB0846
300	SB0998	343	HB0781
301	HB0837	344	SB0034
302	SB0212	345	HB0603
303	HB0173	346	HB0026
304	HB0305	347	SB0247
305	HB0309	348	SB0875
306	HB0397	349	HB1048
307	HB0677	350	HB0760
308	HB1299	351	SB0265
309	HB1343	352	HB0285
310	HB1423	353	SB0917
311	HB1576	354	HB0753
312	HB1201	355	SB0793
313	SB0816	356	HB0754
314	HB0042	357	SB0792
315	HB0252	358	HB0759
316	SB0281	359	SB0398
317	HB0292	360	SB1057
318	SB0491	361	HB0321
319	HB0076	362	HB0406
320	SB0701	363	SB0393
321	HB0462	364	HB0410

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Chapter	Bill	Chapter	Bill
365	SB0313	408	HB1253
366	HB0417	409	HB0626
367	SB0314	410	HB0941
368	SB0343	411	SB0269
369	HB0384	412	HB0216
370	SB0440	413	SB0143
371	HB0557	414	HB0334
372	SB1158	415	SB0573
373	HB1063	416	SB0441
374	HB1349	417	HB1463
375	HB0121	418	HB0710
376	HB0124	419	HB1300
377	HB0125	420	HB0556
378	HB0133	421	HB0561
379	SB0304	422	SB0435
380	SB0964	423	HB0243
381	HB1200	424	SB0737
382	HB0773	425	HB0404
383	SB0099	426	SB0735
384	HB0171	427	HB0892
385	HB0066	428	SB0298
386	HB0270	429	HB1430
387	SB1040	430	SB1039
388	SB0355	431	HB1480
389	SB0758	432	SB0620
390	SB0158	433	HB0218
391	HB1045	434	SB0324
392	HB1350	435	HB0251
393	HB1414	436	SB0457
394	SB0703	437	SB0456
395	HB0586	438	SB0309
396	SB0278	439	HB1382
397	SB1190	440	SB1121
398	HB0211	441	HB0353
399	SB0268	442	HB0315
400	HB1314	443	HB0313
401	SB0059	444	HB0386
402	SB0066	445	SB0496
403	HB1427	446	SB0497
404	HB0477	447	HB0813
405	SB0396	448	SB0438
406	SB0116	449	HB1537
407	HB1154	450	SB1125

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451	HB0300	494	SB0519
452	SB0228	495	HB1182
453	SB0498	496	SB0088
454	SB0509	497	SB1177
455	HB1636	498	HB0795
456	HB1551	499	SB0503
457	HB1574	500	SB0178
458	HB0312	501	HB0003
459	HB0310	502	SB0057
460	HB0788	503	HB1104
461	HB0068	504	SB0015
462	HB0004	505	HB1277
463	SB0046	506	HB0112
464	HB0874	507	HB0236
465	SB1122	508	SB0794
466	HB0464	509	SB0910
467	SB0210	510	HB1579
468	HB0987	511	SB1099
469	SB1138	512	SB0002
470	HB0923	513	HB1513
471	SB0639	514	SB0289
472	HB0811	515	HB0482
473	HB0716	516	SB0385
474	HB0085	517	SB0818
475	HB0373	518	HB0974
476	SB0226	519	HB1386
477	SB0050	520	HB0595
478	SB0636	521	SB0376
479	SB0924	522	HB0627
480	HB0789	523	HB1345
481	SB0809	524	HB0792
482	SB1027	525	HB0880
483	HB0852	526	SB0450
484	SB0392	527	HB0304
485	SB0781	528	SB0353
486	HB1375	529	HB1394
487	SB0982	530	HB1402
488	SB0799	531	SB0817
489	SB0873	532	HB0999
490	HB0293	533	SB0649
491	SB0085	534	HB0261
492	HB1207	535	HB0511
493	HB0179	536	SB0218

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537	HB0592
538	HB0469
539	SB0044
540	SB0676
541	HB0764
542	HB0044
543	HB0012
544	SB0500
545	HB0725
546	HB1054
547	SB0989
548	HB1183
549	SB0986
550	SB0371
551	HB0708
552	HB0078
553	HB0165
554	SB0137
555	SB0328
556	SB0036
557	HB0028
558	HB1225
559	SB0340
560	HB1120
561	HB0355
562	HB0319
563	HB0335
564	SB1102
565	HB1476
566	SB0867
567	HB1484
568	SB0194
569	SB0539
570	HB1432
571	HB1329
572	SB0967
573	HB1082
574	SB1060
575	HB1619
576	HB1383
577	SB1042
578	SB0433
579	HB1127

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580	HB0869
581	HB0887
582	HB0950
583	HB0786
584	HB0857
585	HB1522
586	HB0390
587	SB0310
588	SB0311
589	HB0426
590	HB1021
591	SB0319
592	SB1085
593	HB0562
594	HB0441
595	SB0487
596	SB0541
597	SB0846
598	HB1037
599	HB0226
600	HB1348
601	HB1136
602	SB0479
603	HB0022
604	HB0052
605	SB0680
606	SB0714
607	SB1024
608	HB1381
609	SB0866
610	SB1106
611	SB0786
612	SB0872
613	HB0628
614	SB0517
615	HB0659
616	SB0823
617	SB1033
618	HB1168
619	SB0957
620	HB1169
621	SB0717
622	HB1526

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623	HB0253	666	HB0081
624	HB0793	667	HB0188
625	SB0083	668	HB0518
626	HB0735	669	SB0041
627	SB0073	670	HB0122
628	HB0906	671	HB0295
629	SB0465	672	HB0493
630	SB0632	673	HB0601
631	SB0074	674	HB0744
632	SB0026	675	SB0579
633	HB1506	676	HB0675
634	SB0700	677	SB0061
635	HB1446	678	HB0740
636	HB1492	679	SB0919
637	HB0269	680	SB0580
638	SB0531	681	HB0082
639	HB0916	682	SB0125
640	SB0534	683	HB0263
641	HB1067	684	HB0492
642	SB0625	685	HB0083
643	HB1163	686	HB0979
644	HB1279	687	HB0459
645	SB0220	688	HB1081
646	SB0221	689	SB0650
647	HB0653	690	SB0664
648	SB0387	691	SB0117
649	HB0521	692	SB0273
650	HB0738	693	SB0592
651	HB1263	694	SB0979
652	SB0996	695	SB0591
653	HB0721	696	SB0341
654	SB0674	697	HB0011
655	SB0272	698	HB1433
656	SB0505	699	SB0397
657	HB0498	700	HB1468
658	HB0509	701	SB0584
659	SB0734	702	HB1071
660	HB0267	703	HB0836
661	SB0257	704	HB0851
662	SB0975	705	SB0049
663	SB0449	706	HB1275
664	SB0559	707	SB0857
665	HB0287	708	HB0587

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709	SB1084
710	HB0176
711	HB0951
712	SB1157
713	HB0456
714	SB0943
715	HB1240
716	SB0025
717	HB1017
718	HB0713
719	HB0290
720	HB0123
721	SB0169
722	HB1553
723	SB0527
724	HB1270
725	SB0290
726	HB1273
727	SB0710
728	SB0001
729	HB0616
730	HB1145
731	SB0452
732	SB1191
733	SB1169
734	HB0439
735	HB1320
736	HB1500
737	HB1469
738	SB1009
739	HB0926
740	SB0293
741	HB0437
742	SB0202
743	SB0200
744	SB0154
745	SB0261
746	HB1246
747	HB0756
748	HB0889
749	HB0494
750	SB0086
751	SB0668

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752	SB0707
753	HB0952
754	HB0997
755	HB0830
756	HB1335
757	HB1150
758	HB1447
759	HB1456
760	HB1301
761	HB1334
762	HB1287
763	SB0424
764	SB0815
765	HB0983
766	HB1147
767	SB0898
768	HB0184
769	HB0912
770	HB0957
771	HB0584
772	HB0443
773	HB0185
774	HB1107
775	SB0007
776	HB0167
777	HB1002
778	HB0289
779	SB0581
780	HB0514
781	HB1134
782	HB0467
783	HB1144
784	HB1600
785	SB1149
786	HB0529
787	HB0602
788	SB0422
789	HB0177
790	SB1165
791	HB0680
792	SB0853
793	HB0860
794	SB0029

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795	HB0617
796	HB0073
797	SB0811
798	HB0972
799	SB0348
800	HB0593
801	SB0949
802	HB0739
803	SB0941
804	SB0224
805	HB0294
806	HB0746
807	SB0459
808	SB0713
809	HB0504
810	SB1081
811	SB0488
812	HB1317
813	HB1283
814	HB0523
815	SB0403
816	SB1034
817	HB0034
818	HB0631
819	HB1573
820	HB0613
821	SB0363
822	SB0110
823	HB0824
824	SB0548
825	HB1626
826	HB0224
827	HB0212
828	SB0270
829	HB0232
830	HB0554
831	SB0374
832	HB1309
833	SB0885
834	SB0746
835	HB0192
836	SB0142
837	HB1149

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838	SB0951
839	SB0856
840	SB0969
841	HB1415
842	SB0858
843	SB0651
844	HB0425
845	HB1227
846	HB1464
847	HB1595
848	SB1127
849	SB0908
850	HB0088
851	HB1498
852	HB0898
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2	HB0694 of 2017rs
3.....	SB0002
4.....	HB0001
5.....	EO.2018.04
6.....	HB1795
7.....	SB1267
8.....	SB0290
9.....	SB0186
10.....	SB0187
11.....	SB0811
12.....	SB0812
13.....	SB0639
14.....	HB1783
15.....	SB0646
16.....	SB0687
17.....	SB0853
18.....	SB0855

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20.....	HB0004
21.....	HB0308
22.....	HB0811
23.....	HB0864
24.....	HB1017
25.....	HB1316
26.....	SB0654
27.....	SB0677
28.....	SB0742
29.....	SB0819
30.....	SB1265
31.....	HB1072
32.....	HB1386
33.....	HB0427
34.....	SB0729
35.....	HB0679
36.....	HB0096
37.....	HB1782
38.....	SB0387
39.....	HB0677
40.....	SB0477
41.....	SB0039
42.....	SB0059
43.....	SB0071
44.....	SB0009
45.....	HB0188
46.....	SB0077
47.....	HB0201
48.....	SB0106
49.....	HB0194
50.....	SB0081
51.....	SB0097
52.....	HB0321
53.....	SB0003
54.....	HB0297
55.....	SB0051
56.....	HB0298
57.....	SB0140
58.....	HB1465
59.....	SB0952
60.....	SB0089
61.....	SB0112

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62.....	SB0113
63.....	SB0100
64.....	HB0135
65.....	SB0137
66.....	HB1229
67.....	SB1057
68.....	HB0411
69.....	SB1251
70.....	HB0309
71.....	HB0244
72.....	SB0680
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74.....	SB0401
75.....	SB0843
76.....	HB1656
77.....	SB0846
78.....	HB1482
79.....	HB0334
80.....	SB0306
81.....	HB0221
82.....	HB0716
83.....	SB0266
84.....	SB0352
85.....	HB0433
86.....	HB0465
87.....	SB0355
88.....	HB1586
89.....	HB0609
90.....	HB1009
91.....	SB0219
92.....	HB0501
93.....	SB0220
94.....	HB0506
95.....	SB0263
96.....	HB0507
97.....	HB1320
98.....	SB0322
99.....	HB1321
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101.....	SB0082
102.....	HB0090
103.....	HB0168
104.....	HB0279

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106.....	HB0105	149.....	HB0359
107.....	HB0107	150.....	SB0040
108.....	HB0275	151.....	SB0281
109.....	HB0331	152.....	SB0053
110.....	HB0119	153.....	HB0242
111.....	HB0446	154.....	HB1159
112.....	HB0498	155.....	SB0066
113.....	HB0627	156.....	HB1181
114.....	HB0729	157.....	HB1162
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