

EFFECT OF THE 2006 LEGISLATIVE PROGRAM ON THE FINANCIAL CONDITION OF THE STATE



DEPARTMENT OF LEGISLATIVE SERVICES 2006

**Effect of the 2006 Legislative Program
on the
Financial Condition of the State**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

July 2006

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July 2006

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 Maryland General Assembly

After each session of the General Assembly, the Department of Legislative Services is required by law to prepare a report summarizing the fiscal effect on State and local governments of that year's legislative program (State Government Article, Section 2-1237). In accordance with this requirement, I am pleased to submit the following report, *Effect of the 2006 Legislative Program on the Financial Condition of the State*.

This document is divided into five chapters.

Chapter One highlights the major components of the fiscal 2007 operating budget (**SB 110/Chapter 216**).

Chapter Two summarizes the fiscal 2007 capital budget and the State's capital program (**SB 370/Chapter 46**).

Chapter Three identifies enacted legislation from the 2006 session that has an impact on State revenues or expenditures. The revenue and expenditure effects of the legislation are summarized, as are the number of regular and contractual positions required by the legislation.

Chapter Four identifies enacted legislation from the 2006 session that has a fiscal impact on local governments. This chapter also identifies State mandates on units of local government and provides an overview of State aid to local governments.

Chapter Five provides a listing of all bills passed by the 2006 General Assembly but vetoed by the Governor for policy reasons. The fiscal implications of those bills are also noted.

Further information on issues considered during the 2006 session can be found in *The 90 Day Report – A Review of the 2006 Legislative Session*, issued annually by the Department of Legislative Services following adjournment of the General Assembly.

The Honorable Thomas V. Mike Miller, Jr.
The Honorable Michael E. Busch
Members of the Maryland General Assembly
July 2006
Page 2

The enclosed report is prepared by the staff of the Office of Policy Analysis. The work was coordinated by John Rixey and Mark Collins. I trust this report will be a useful source of information for you. If you have any questions concerning its contents, please do not hesitate to contact me.

Respectfully submitted,

Karl S. Aro
Executive Director

KSA/ml

Contents

Transmittal Letter	iii
Abbreviations.....	ix
Fiscal Effects of the 2006 Legislative Program.....	1
Chapter One – Operating Budget	3
Overview.....	5
Budget in Brief.....	5
Framing the Session: 2004 Interim Activity.....	7
Governor’s Spending Plan as Introduced	8
Legislative Consideration of the Budget	10
Outlook for Future Budgets	17
By the Numbers	19
Chapter Two – State Capital Program	27
Summary	29
Debt Affordability.....	46
Higher Education	47
Public School Construction Funding Remains a High Priority for the General Assembly.....	49
Transfer Tax.....	49
Chapter Three – Impact of Legislation on State Revenues and Expenditures	51
Legislation Affecting State Revenues.....	53
Totals by Fund Type/Summary of Quantifiable Revenue Effects.....	71
Legislation Affecting State Expenditures	73
Expenditures by Agency	99
Totals by Fund Type/Summary of Quantifiable Expenditure Effects	105
Regular Positions Needed by Agency	107
Contractual Positions Needed by Agency	111
Chapter Four – Local Government.....	113
State Aid to Local Governments.....	115
State Mandates on Local Governments	132
Legislation Affecting Local Government Revenues	133

Legislation Affecting All/Multiple Local Jurisdictions.....	133
Legislation Affecting Local Governments by Subdivision	140
Allegany County	140
Anne Arundel County	140
Baltimore City.....	140
Baltimore County.....	141
Calvert County	141
Carroll County	141
Cecil County	141
Charles County	142
Dorchester County	142
Frederick County	142
Garrett County	143
Harford County	143
Howard County.....	143
Montgomery County.....	144
Prince George’s County.....	144
Somerset County.....	144
St. Mary’s County.....	145
Talbot County	145
Washington County	145
Wicomico County	146
Worcester County	146
Legislation Affecting Local Government Expenditures.....	147
Legislation Affecting All/Multiple Local Jurisdictions.....	147
Legislation Affecting Local Governments by Subdivision	154
Allegany County	154
Anne Arundel County	154
Baltimore City.....	154
Baltimore County.....	155
Calvert County	155
Caroline County.....	155
Carroll County	156
Cecil County	156
Charles County	156
Dorchester County	156
Frederick County	157
Harford County	157
Howard County.....	158
Kent County.....	158
Montgomery County.....	158
Prince George’s County.....	158
Queen Anne’s County.....	158
Somerset County.....	159

St. Mary's County	159
Washington County	159
Wicomico County	159
Chapter Five – Vetoed Legislation	161

Abbreviations

BOND	–	Bond
Ch.	–	Chapter
CY	–	Calendar Year
FF	–	Federal Fund
FY	–	Fiscal Year
GF	–	General Fund
GO	–	General Obligation
HB	–	House Bill
HE	–	Higher Education
NB	–	Nonbudgeted
REIM	–	Reimbursable Funds
SAEF	–	Special Administrative Expense Fund
SB	–	Senate Bill
SF	–	Special Fund
SPHRF	–	State Police Helicopter Replacement Fund
SSN	–	Social Security Number
UEF	–	Uninsured Employers' Fund
VCAF	–	Volunteer Company Assistance Fund
()	–	Indicates Decrease

Fiscal Effects of the 2006 Legislative Program

Enacted legislation that has a quantifiable effect on the general fund is expected to reduce general fund revenues by \$22.1 million and increase general fund expenditures by \$83.0 million in fiscal 2007, for an overall negative impact on the general fund of \$105.2 million. The table below summarizes the quantifiable general fund impact for the next five years of all enacted legislation from the 2006 regular and special sessions. Due to legislation that is expected to further increase general fund expenditures after fiscal 2007, the impact of the 2006 legislative program is expected to reach negative \$372.7 million by fiscal 2011. Enacted legislation also increases special fund revenues by an estimated \$39.7 million in fiscal 2007. The impact of legislation affecting State revenues will be considered by the Board of Revenue Estimates when the fiscal 2007 revenue estimates are revised in December 2006.

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
General Fund Revenues	(\$22,137,437)	(\$15,946,581)	(\$17,620,123)	(\$18,782,914)	(\$19,581,899)
General Fund Expenditures	\$83,034,643	\$206,691,097	\$281,369,541	\$316,874,304	\$353,108,657
Net General Fund Impact	(\$105,172,080)	(\$222,637,678)	(\$298,989,664)	(\$335,657,218)	(\$372,690,556)

Of the estimated \$83.0 million fiscal 2007 general fund expenditure increase stemming from the 2006 legislative program, \$37.9 million has been included in the fiscal 2007 State budget. To cover the \$45.2 million in general fund expenditures that has not been budgeted, the Governor may request deficiency appropriations at the 2007 session or agencies may absorb the added costs within their existing appropriations.

Enacted legislation from the 2006 sessions is also expected to increase special and federal fund expenditures in fiscal 2007 by \$35.8 million and \$370,408, respectively. These totals include \$26.7 million in special fund expenditures and \$169,480 in federal fund expenditures that have not been included in the fiscal 2007 State budget. In many instances, the projected increases will be offset by special or federal fund revenue increases. State agencies may incorporate additional special and federal funds into their budgets through the budget amendment process or may implement bills that require additional special and federal fund expenditures with funds that have been appropriated in the State budget. The table below details budgeted and nonbudgeted expenditure increases resulting from enacted 2006 legislation.

	General Funds	Special Funds	Federal Funds
Total Expenditure Increase	\$83,034,643	\$35,773,771	\$370,408
Budgeted Expenditures	\$37,855,402	\$9,106,472	\$200,928
Nonbudgeted Expenditures	\$45,179,241	\$26,667,299	\$169,480

Enacted legislation also created a need for 63 new regular State positions for fiscal 2007, 11.5 of which are funded in the fiscal 2007 State budget. If all the new positions are approved, 47 (75 percent) would be supported with general funds and 16 (25 percent) would be supported with special funds. In addition to the regular positions, 12.5 new contractual positions are required for fiscal 2007. Up to 10 additional regular positions could be necessary in fiscal 2008 due to enacted legislation from the 2006 sessions, bringing the two-year total to 73 new regular positions and 12.5 new contractual positions.

The analysis of fiscal effects excludes the impact of bills for which estimates cannot be quantified. Although the bills do not contribute to the totals shown in the report, each bill with an indeterminate impact is listed in Chapter 3 with an indication of whether it is expected to have a positive or negative impact on the budget. Estimates are based on the assumptions stated in the fiscal notes and on implementation of the legislation during fiscal 2007.

Chapter One – Operating Budget

- Overview
- Budget in Brief
- Framing the Session: 2006 Interim Activity
- Governor's Spending Plan as Introduced
- Legislative Consideration of the Budget
- Outlook for Future Budgets
- By the Numbers

Overview

Unlike the last four years which were characterized by cost containment following the 2001 recession, the fiscal 2007 budget reflects revenue growth based on strong underlying economic activity. The budget combines the State's continuing commitment to enhancing public schools with enhancements for higher education, health, economic development, public safety, and other areas. It reflects the full restoration of statutory allocations of transfer tax revenue to land preservation and recreation programs and highway user revenues, and also appropriates nearly \$800 million to the State Reserve Fund to address future funding needs.

Much of the Administration's budget was enacted as submitted; however, the legislature did reduce spending to conform to the 9.6 percent rate of growth recommended by the Spending Affordability Committee (SAC). Additional legislative action modified the allocation of the employee cost-of-living adjustment to direct resources to lower paid State workers, adopted actions to improve oversight of group homes, provided tuition relief for undergraduates for one year, and set aside funds for retirement enhancements.

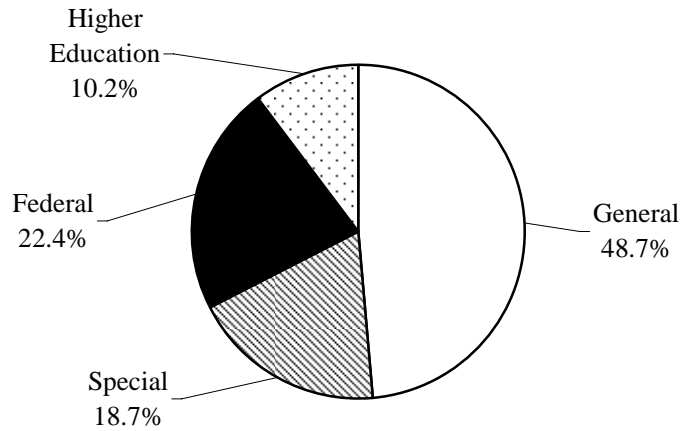
The fiscal 2007 budget is balanced on a cash basis, and the State has set aside nearly \$1.7 billion in cash in either the general fund balance or the State Reserve Fund. However, a structural imbalance between ongoing revenues and spending persists and is projected to exceed \$1.6 billion dollars in the out-year forecast.

Budget in Brief

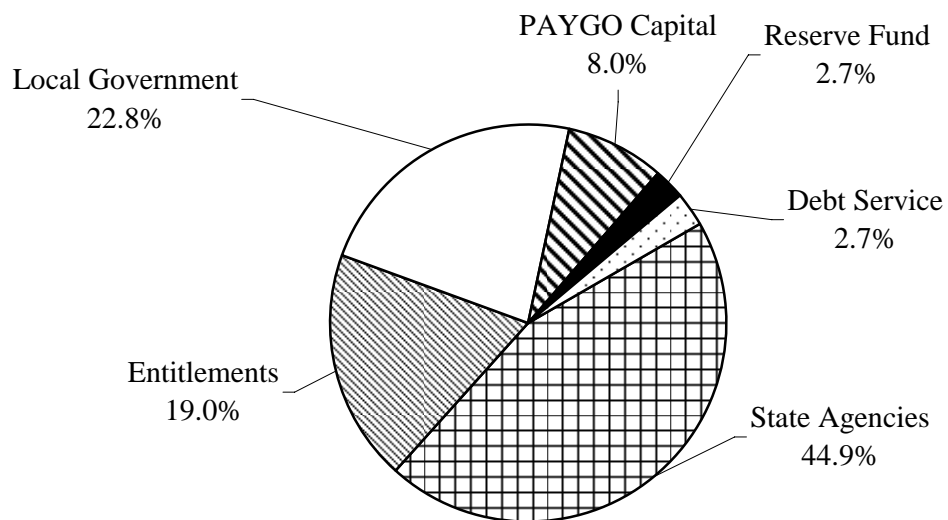
The Fiscal Year 2007 Budget Bill, **Senate Bill 110/Chapter 216**, provides \$29.0 billion in appropriations for fiscal 2007; an increase of \$2.5 billion (9.3 percent) over fiscal 2006. **Exhibit 1.1** illustrates funding by type of revenue. Slightly less than one-half of the budget is supported by general funds, with lesser proportions supported by dedicated special funds, federal aid, and higher education dollars. State agency operations constitute the largest area of spending, representing 44.9 percent of the total budget. Aid to local governments accounts for 22.8 percent of the budget, and 19.0 percent supports entitlement programs. Remaining appropriations provide funding for PAYGO capital spending, pay debt service on State general obligation bonds, and set aside funds in accounts of the State's Reserve Fund.

General fund spending grows \$1.8 billion, or 14.3 percent above fiscal 2006. Ongoing spending rises 9.5 percent, when appropriations to the State Reserve Fund and for PAYGO capital are excluded. General fund budget growth is driven largely by spending on aid to local jurisdictions, which grows \$486.0 million, or 10.7 percent, as education enhancements continue to be phased in through fiscal 2008. General fund appropriations to the State Reserve Fund total \$756.0 million, an increase of \$474.3 million, for future needs including monies set aside to address funding shortfalls in fiscal 2008, a contribution toward the State's retiree health insurance unfunded liability, funding for early voting, and energy assistance for low-income households. Agency spending growth rebounds after several years of cost containment, with

Exhibit 1.1
Maryland's \$29.0 Billion Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



growth of \$495.0 million, or 9.7 percent. Just under 24 percent of this increase is provided for higher education. Other enhancements include funding for additional correctional officers and salary enhancements, drug court, health/biotechnology research, developmental disabilities, and foster care.

Special funds increase by \$476.0 million, or 9.6 percent. Highway user revenue distributions to local jurisdictions (\$80 million), land preservation and open space programs (\$257 million), the Bay Restoration Fund (\$40 million), payments from the Maryland Health Provider Rate Stabilization Fund to increase Medicaid reimbursement rates and defray malpractice insurance costs (\$36 million), and additional low income energy assistance (\$9.0 million) appropriated at the 1st Special Session of 2006 account for most of the growth.

Federal funds rise by \$85.3 million, or 1.3 percent, mostly in the areas of Medicaid, food stamps, child support enforcement, and foster care. These increases are offset by reductions in PAYGO capital spending for transportation.

The budgets for public higher education institutions increase by \$246.4 million, or 6.6 percent, in fiscal 2007. Most of this additional spending reflects nontuition revenue growth, in addition to \$130 million of additional State general fund support.

With respect to State personnel, a general salary increase provides \$900 for employees earning \$45,000 or less and the lesser of 2 percent or \$1,400 for employees earning more than \$45,000. In addition, there are targeted salary enhancements for correctional officers and related positions, nurses, law enforcement personnel, and educators. Employee increments and the State match for deferred compensation plans are also fully funded, and over budgeted health insurance funds are restricted to be placed in reserve to address future retirement costs. A position cap was again adopted for Executive Branch agencies for fiscal 2007, exclusive of higher education and other agency positions. The cap was set at 52,432 regular authorized positions.

Framing the Session: 2006 Interim Activity

Strong Economic Growth Results in Improved Revenues

Better than expected economic growth, bolstered by low unemployment and continued housing demand, has fueled strong general fund revenue attainment. General fund revenue in fiscal 2005 was \$422.5 million higher than expected, and in December 2005, the Board of Revenue Estimates (BRE) revised its fiscal 2006 general fund estimate upward by \$766.5 million, an increase of 6.7 percent over its prior estimate. This increased the estimated fiscal 2006 closing balance to \$1.2 billion. In March 2006, BRE further revised its estimates for both fiscal 2006 (\$114.1 million) and 2007 (\$85.6 million) reflecting strong revenue attainment in the months since December.

SAC Recommendations

SAC prepared its final report to the Governor in December 2005 which included a number of recommendations pertaining to the operating budget. Selected recommendations include:

Spending Limit

Consistent with projected growth in the economy, the committee recommended limiting growth on a spending affordability basis to 8.9 percent over spending approved at the 2005 session. The limit was later increased to 9.6 percent based on stronger revenue growth.

Personnel

The committee recommended continuation of a ceiling on regular positions in the Executive Branch, exclusive of higher education.

State Reserve Fund

Based in part on the importance that the bond rating agencies place on having 5 percent of general fund revenues in reserve, the committee recommended that the minimum balance be increased to 7.5 percent. It was intended that the higher balance be adopted on the basis that the additional 2.5 percent would provide financial flexibility to address future funding shortfalls.

Governor's Spending Plan as Introduced

Governor Robert Ehrlich's fiscal 2007 spending plan submitted during the 2006 session included the budget bill and separate legislation pertaining to a variety of tax credits and other tax changes. The original fiscal 2007 budget totaled \$29.7 billion, exclusive of reversions and \$2.5 million in contingent reductions dependent on legislation. Based on these assumptions, the closing fiscal 2007 general fund balance was estimated at \$32.5 million. As introduced, the budget package exceeded the revised growth rate recommended by SAC by \$100.5 million. It also exceeded the recommended limit on personnel by 291 positions.

Additional Revenue and Contingent Revenue Assumptions

As part of the Administration's fiscal plan, legislation was introduced which was estimated to reduce general fund revenue by \$28.7 million in fiscal 2007 if enacted (note: subsequent analysis of the Governor's revenue proposals estimated a total revenue loss of \$59.1 million). The full package would also impact out-year revenues, as implementation in some instances was phased over multiple years. The specific legislation included:

- **Estate Tax:** The Administration proposed partially recoupling the Maryland estate tax to the federal estate tax by repealing the \$1.0 million limit on the exemption amount used in calculating the Maryland estate tax.
- **Military Retirement Income Subtraction Modification:** This bill would exempt 100 percent of military retirement income under certain conditions.
- **Long-term Care Subtraction Modification:** A modification to the State’s income tax would be provided for individuals who provide long-term care.
- **Heating Upgrade Tax Credit:** Under this proposal, an income tax credit for the cost of purchasing and installing energy efficient residential heating systems would be created.
- **Sales Tax Exemption for Veterans Organizations:** This final bill proposed to allow a State sales tax exemption for nationally organized veterans organizations.
- **General Fund Revenue Assumptions:** The Governor assumed an additional \$19.0 million in general fund revenue relative to the estimate by BRE. This included:
 - \$11.7 million in AIDS drug rebates that had previously been off-budget;
 - \$5.0 million due to a new delinquent business tax collection system;
 - \$1.2 million in additional fees to be assessed by the Office of Health Care Quality in the Department of Health and Mental Hygiene (DHMH); and
 - \$1.1 million from additional rental income from DHMH’s Carter Center (\$537,000) and federal reimbursement for the Garrison Forest Veterans Cemetery expansion (\$530,000).

Contingent Appropriations, Reductions, and Reversion Assumptions

Contingent Reductions

Reductions of \$2.5 million were assumed in the fiscal 2007 budget contingent upon enactment of legislation. This included \$1.2 million from the collection of indirect costs from the Health Services Cost Review Commission and the Maryland Health Care Commission within DHMH, and another \$1.3 million to authorize DHMH to require Kidney Disease Program recipients to apply for eligibility in the Medicare Part D prescription drug program.

Contingent Appropriations

The budget included one contingent appropriation of \$12.6 million for the State Department of Assessments and Taxation contingent on legislation to modify the Homeowners’

Property Tax Credit Program (note: an additional \$4.1 million was later added via Supplemental Budget No. 1 for this purpose, based in part on the fiscal note estimate of proposed changes).

Reversions

The Governor assumed \$20.0 million in unspecified fiscal 2007 reversions and also adjusted fiscal 2006 reversions upward by \$2.2 million (to \$22.2 million). Additional fiscal 2006 reversions consist of \$20.0 million in unspecified reversions; \$2,000,200 based on Chapter 590 of 2005 which changes the revenue and spending for regulating mortgage originators and mortgage lenders from general funds to special funds; and \$200,000 in unneeded funds associated with a service contract between DHMH and Maximus.

Structural Balance

In comparing ongoing revenues to ongoing spending, the budget reflected a revenue shortfall of \$403 million. The Governor did make provision for addressing funding needs in fiscal 2008 by proposing to appropriate \$670 million to the Dedicated Purpose Account for this purpose.

Legislative Consideration of the Budget

Several fiscal themes emerged during the 2006 session during legislative consideration of the budget. Concerned about significant increases in higher education tuition in recent years, the legislature considered several options for moderating tuition growth. The legislative review of the Governor's budget determined that employee health insurance was over funded, which led to interest in setting a portion of the funds aside for retirement enhancements and other initiatives. Cognizant of a sizable structural imbalance between revenues and expenditures in subsequent years, there was considerable focus on how much the State should set aside in reserves and into which account those funds should be placed. Finally, there was interest in modifying the cost-of-living adjustment to benefit lower paid State employees.

Revenue and Spending Changes

BRE Revenue Revisions

In March 2006 BRE revised its estimate of general fund revenue for fiscal 2006 upward by \$114.1 million and \$86.6 million for fiscal 2007. This was due largely to lower unemployment, resulting in higher income tax attainment, better than expected estate tax revenue, and other miscellaneous sources.

Supplemental Budget Nos. 1 and 2

In Supplemental Budget No. 1, the Governor increased spending by a total of \$429.2 million, based on the BRE revenue estimate, anticipated legislative reductions, and a variety of special and federal funds. General fund spending of \$277.3 million included \$206.0 million appropriated to the State Reserve Fund to set aside funds for 2008 operations (\$170.0 million), energy assistance (\$25.1 million) and funds for new voting machines. Another \$31.3 million was appropriated for PAYGO capital in the Board of Public Works. Special fund appropriations totaled \$114.2 million, with the largest components funding enrollment increases in the Maryland Health Insurance Program (\$42.0 million), and funds for the Water Quality Revolving Loan Fund (\$35.0 million). Another \$37.6 million in federal funds was allocated to various programs. A second supplemental budget was submitted in late March to allocate another \$59.6 million for voting machine costs, one-time transportation grants, and aid to the Prince George's Hospital Center. Approximately \$27.7 million came from unallocated general fund balance, with the remainder from special funds. In total, the two supplemental budgets increased appropriations on a spending affordability basis by \$67.2 million.

Reductions

The legislature pared the Governor's fiscal 2006 deficiency budget by \$34.0 million, of which the largest reduction was the roughly \$20.0 million contingent reduction for expenses related to voting machine enhancements which were contingent upon legislation that failed. Reductions to the fiscal 2007 allowance totaled \$999.2 million in all funds; however, \$840.0 million in general funds represented reductions to the Dedicated Purpose Account in order to retain funds in either the Rainy Day Fund or general fund balance. Of the remaining \$159.2 million in reductions, the largest reductions included \$21.8 million for voting machine enhancements contingent upon legislation, \$20.1 million in higher education funds to freeze undergraduate tuition at current year levels, Medicaid reductions of \$19.4 million related largely to lower State costs associated with the new federal prescription drug benefit and to changes in federal law, \$11.0 million in drug court spending and other reductions in the Judiciary, \$10.8 million in Transportation, \$10.0 million in proposed enhancements for horse racing purses, and \$5.0 million in stem cell research funds.

Reductions contingent upon the enactment or failure of legislation totaling \$47.7 million were effected, including:

- **Senate Bill 713** and **House Bill 244** (*both failed*) reduce a total of \$41.8 million (\$21.1 million in general funds and \$20.7 million in special funds) from the Dedicated Purpose Account of the State Reserve Fund for enhancements to the State voting system.
- **House Bill 697/Chapter 344** effects cuts of \$1.3 million in general funds in DHMH for kidney disease program recipients based on Medicare Part D eligibility.

- **House Bill 1604/Chapter 107** permits DHMH to collect \$1.2 million in indirect costs from the Health Services Cost Review Commission and Maryland Health Care Commission and thus results in a corresponding general fund decrease.
- **House Bill 880 (failed)** reduces five positions and \$271,000 in general funds in the Department of Juvenile Services related to failure to expand the Juvenile Justice Monitoring Unit in the Office of the Attorney General.
- **Senate Bill 1058** and **House Bill 1557 (both failed)** reduces \$459,273 in general funds in the Judiciary budget related to failure to create two new circuit court judges (one in Montgomery County and one in Baltimore City) and related staff and expenses.
- **Senate Bill 237** and **House Bill 304 (both failed)** reduces \$750,000 in general funds in the Department of Public Safety and Correctional Services for a pilot program to assess monitoring sexual offenders via global positioning technology.
- **Senate Bill 998 (failed)** which would have authorized judicial review in the circuit court of a decision by the Maryland Higher Education Commission (MHEC) regarding the duplication of academic programs reduces \$2,000,000 in general funds from the budget of MHEC.

Contingent Appropriation

Senate Bill 382/Chapter 27 modifies both the Homeowners' and Renters' Property Tax Credit Programs. As a result, \$16.7 million in contingent appropriations in the fiscal 2007 budget will be available for expenditure. The bill increases the maximum eligible assessment, alters the percentages of income used to calculate the credit, and makes other changes for homeowners' tax credits. It also increases the maximum tax credit allowed under the Renters' Property Tax Relief Program from \$600 to \$750.

Supplementary Appropriation

House Bill 1668/Chapter 416 created a State Police Helicopter Replacement Fund that will receive a portion of a \$7.50 surcharge on every motor vehicle conviction for which points may be assessed. One-time expenditures of \$328,900 in special funds for computer modifications at the District Court have been appropriated in the fiscal 2007 budget as a Supplementary Appropriation.

Revenue Legislation

Several bills were passed, some of which began as Administration sponsored measures, which negatively impact general fund revenue in fiscal 2007. Larger examples include:

- **Senate Bill 22/Chapter 226** relates to the exemption of military retirement income, resulting in a projected loss of \$14.3 million in general funds.
- **House Bill 1701/Chapter 503** requires DHMH to distribute any rebates received from the Maryland AIDS Drug Assistance Program to a special fund for the Maryland AIDS Drug Assistance Program. This bill will eliminate the \$11.7 million general fund revenue estimate assumed by the Administration in its initial fiscal 2007 fiscal plan.
- **Senate Bill 2/Chapter 225** modifies the estate tax and is projected to reduce general fund revenue by \$8.6 million.
- **Senate Bill 227 and House Bill 308/Chapters 217 and 218** will decrease general fund revenue in fiscal 2007 through 2009 as a result of the exemption from the sales tax being provided to sales made to qualified veterans' organizations. For fiscal 2007 the reduction is estimated at \$0.4 million.

Final Actions Related to SAC

Limiting Spending Growth

The December 2005 recommendation to limit spending growth to 8.9 percent was increased during the session to 9.6 percent on the basis of better than expected revenue growth. As shown in **Exhibit 1.2**, final action by the legislature reduced the budget to a 9.57 percent rate of growth as measured on a spending affordability basis. This is \$5.7 million below the 9.6 percent rate recommended by the committee.

Exhibit 1.2
Operating Budget Affordability Limit
(\$ in Millions)

<u>Funds</u>	<u>2005</u> <u>Session</u>	<u>2006</u> <u>Session</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
General	\$11,863.0	\$13,238.2	\$1,375.2	11.59%
Special	3,107.1	3,270.8	163.6	5.27%
Higher Education	1,745.5	1,805.7	60.1	3.44%
Estimated Budget Growth	\$16,715.6	\$18,314.6	\$1,599.0	9.57%
SAC Limit	\$16,715.6	\$18,320.3	\$1,604.7	9.60%
Variance			-\$5.7	-0.03%

Personnel

The legislature deleted 67.5 positions and imposed a position ceiling of 52,432. The ceiling applies to Executive Branch agencies, excluding higher education, the Maryland Port Administration (MPA), and the Maryland Aviation Administration (MAA).

State Reserve Fund Balance

The committee had recommended that the Rainy Day Fund balance be increased to 7.5 percent to provide added flexibility in addressing future years spending requirements. Legislation was enacted to increase the minimum balance, in compliance with this recommendation.

Final Disposition of the 2006 Fiscal Objectives

Higher Education Tuition Freeze

In recognition of savings from overstated employee health insurance costs, the General Assembly deleted tuition revenues associated with planned resident undergraduate tuition rate increases of 4.3 percent on average at University System of Maryland (USM) institutions (\$18.9 million) and 5 percent at Morgan State University (MSU) (\$0.8 million) and directed USM and MSU to freeze resident undergraduate tuition rates. Tuition revenues at St. Mary's College of Maryland were reduced by \$377,418, and the college was directed to cap the increase in resident undergraduate tuition rates at 4.8 percent instead of the planned 7.8 percent increase.

State Employee Retirement Enhancement

Interest in enhancing teachers and State employee retirement led to consideration of several pieces of legislation. As pertains to the budget, \$51.5 million in over budgeted State employee health insurance funding was restricted for the purpose of placing it in reserve to partially mitigate the costs attendant to any retirement enhancements. The funds will be available to partially offset the costs of bills that enhanced the State employee and teacher pension plan.

Cash Position

Final action by the legislature left the State with a total of \$1.7 billion in total cash available, between the Rainy Day fund and general fund balance. Much of this cash may be needed to balance the fiscal 2008 budget.

State Employee Cost-of-living Adjustment

Legislative action modified the across-the-board 2 percent cost-of-living adjustment to direct funds to lower paid employees. All employees will receive at least \$900, which is more than 2 percent for those making under \$45,000. State workers making more than \$45,000 will receive the lesser of 2 percent, or \$1,400. Salary scales will also be adjusted so that no full-time State employee receives a yearly salary of less than \$20,000.

Summary of Fiscal 2007 Legislative Activity

Exhibit 1.3 summarizes final legislative activity on the fiscal 2007 budget relative to the plan proposed at the beginning of session by the Administration. As illustrated in the exhibit, actions were adopted to retain funds in the Rainy Day Fund in lieu of the Dedicated Purpose Account, revenue losses associated with proposed legislation are lower, and a higher fund balance is projected at the close of fiscal 2007.

Exhibit 1.3
General Fund Budget Summary
Fiscal 2007
(\$ in Millions)

	<u>Admin.</u>	<u>Final</u>
Starting Balance	\$1,288.9	\$1,288.9
Reductions to Fiscal 2006 Deficiency Request	0.0	22.1
Adjusted Starting Balance	\$1,288.9	\$1,310.9
Revenues – Board of Revenue Estimates	12,929.8	12,929.8
Other Revenues	28.7	16.4
Transfer from Rainy Day Fund	770.0	0.0
Total Revenues and Balance	\$15,017.3	\$14,257.1
Expenditures – Governor's Allowance	\$13,520.7	\$13,520.7
Earmarked Reserve Fund Appropriations	0.0	15.7
Appropriation to Rainy Day Fund	593.3	577.6
Dedicated Purpose Account for Fiscal 2008*	940.0	137.6
Expenditure Reductions**	-142.5	-138.1
Total Expenditures	\$14,911.6	\$14,113.5
Revenues Less Expenditures	105.8	143.6
General Fund Revenue Reductions	-59.1	-22.0
Ending Balance	\$46.7	\$121.6

*Under the Administration's budget plan, \$840 million would have been transferred to the Dedicated Purpose Account for fiscal 2008 expenditure requirements, and \$100 million would have been transferred for future costs of retirees' health benefits. The budget adopted by the General Assembly transfers \$100 million for retirees' health benefits and \$37.6 million in general funds for future retirement costs.

**For the Administration, the reductions reflect the amount assumed by the Administration in Supplemental Budget No. 1. The totals also reflect reductions resulting from either the passage or failure of legislation.

First Special Session of 2006

At the end of the 2006 session, legislation to address issues pertaining to utility rate increases and sex offenders, among others, remained unresolved. In particular, large utility rate increases anticipated in July 2006 when rate caps were lifted, were of concern. The General Assembly petitioned for a special session, and the Governor convened the First Special Session of 2006 to address utility rate and sex offender issues.

Senate Bill 1/Chapter 5 was passed to mitigate utility rate increases and includes \$11.0 million (\$10.8 million special funds/\$0.3 million general funds) in fiscal 2007 spending. The bulk of this represents funds for the Electric Utility Service Program (\$9.0 million) for low income energy assistance. The remaining \$2.0 million is appropriated to the Public Service Commission (\$750,000), the Office of Peoples' Counsel (\$500,000), and the Office of the Attorney General (\$500,000) for various activities related to electric rate increases and the merger of Constellation Energy Group, Inc. and the Florida Power and Light Group Inc. and for a study by the State Department of Assessments and Taxation on the valuation of utility operating property (\$250,000).

In addition, **House Bill 2/Chapter 4** was passed to impose additional sentencing and supervision requirements for certain sex offenders. The fiscal impact of this legislation will largely be realized in future years based on increases in the size of the population of offenders subject to the more intensive supervision required under the legislation.

Outlook for Future Budgets

As shown in **Exhibit 1.4**, a potential cash shortfall of \$300 million between revenues and current services spending is projected for fiscal 2008. The shortfall is expected to widen to around \$1.4 billion in fiscal 2009 due to reliance on cash balances in fiscal 2008 and steadily increasing Medicaid spending. By fiscal 2011, the shortfall is projected to reach almost \$1.7 billion. The forecast assumes that in fiscal 2008 the State will spend the \$122 million balance in the general fund as well as the \$879 million Rainy Day Fund balance in excess of 5 percent of general fund revenues. As shown in the exhibit, another \$678 million of contingency resources would remain in the Rainy Day Fund available to mitigate the outstanding problem. However, if revenues out perform current estimates or spending is constrained from current services levels, the need to draw on contingency resources is diminished.

Legislation

Projected revenues are expected to decrease by about \$30 million per year over the remainder of the forecast period due to the passage of legislation. **Senate Bill 22/Chapter 226**, which exempts certain military retirement income from taxation, will reduce general fund revenues by \$14 million in fiscal 2007 and slightly smaller amounts in subsequent years. **House Bill 1701/Chapter 503** requires the allocation of drug rebates earned by the AIDS Administration to a special fund rather than the general fund. The fiscal 2007 budget assumed \$11.7 million of general fund revenues from the drug rebates. **Senate Bill 2/Chapter 225**, which will reduce general fund revenues from the estate tax, also contributes to the revenue decline.

Legislation passed at the 2006 session will increase State spending in future years. **House Bill 1737/Chapter 110** enhances retirement benefits for teachers and State employees at a cost of \$106.3 million in fiscal 2008 escalating to \$120 million by fiscal 2011. The forecast

assumes that \$37.6 million reserved in the fiscal 2007 budget to cover future retirement expenses will offset anticipated fiscal 2008 expenses.

Exhibit 1.4
General Fund Budget Outlook
Fiscal 2006 – 2011
(\$ in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Revenues						
Fund Balance/Transfers	\$1,313	\$2,081	\$1,003	\$49	\$50	\$51
	\$1,313	\$2,081	\$1,003	\$49	\$50	\$51
Ongoing Revenues	12,340	12,958	13,564	14,217	14,850	15,484
Short-term Revenues	9	0	0	0	0	0
Revenue Adjustments - Legislation	0	-34	-28	-31	-32	-34
	\$12,349	\$12,924	\$13,536	\$14,186	\$14,818	\$15,450
Total Revenues	\$13,662	\$15,005	\$14,539	\$14,235	\$14,868	\$15,501
Spending						
Operating Spending	\$11,970	\$13,177	\$14,280	\$14,997	\$15,730	\$16,496
2 Cent Property Tax Reduction			\$79	\$110	\$108	\$112
Operating Spending - Legislation	-10	-17	118	186	217	245
	\$11,960	\$13,160	\$14,476	\$15,292	\$16,054	\$16,854
PAYGO Capital	19	171	84	53	51	53
PAYGO Capital - Legislation			14	14	10	10
Appropriation to Reserve Fund	323	1,399	112	50	50	50
Appropriation to Transportation						
Trust Fund/Retiree Health Liability	50	153	153	253	306	200
	\$391	\$1,723	\$362	\$370	\$417	\$313
Ending Balance	\$1,311	\$122	-\$300	-\$1,427	-\$1,604	-\$1,666
Revenue Stabilization Fund						
Rainy Day Fund Balance	\$747	\$1,390	\$678	\$710	\$742	\$774
Balance over 5% of GF Revenues	181	747	1	0	1	1
Structural Balance	\$330	-\$389	-\$1,094	-\$1,359	-\$1,543	-\$1,604

Senate Bill 447/Chapter 256 calls for annual inflationary adjustments to the payment rates for community-based mental health and developmental disabilities service providers. The amount of additional spending on these services will rise from \$15 million in fiscal 2008 to \$63 million in fiscal 2011. **House Bill 586/Chapter 333** enhance funding for community colleges. The amount of additional community college aid will escalate from \$4 million in fiscal 2008 to \$29 million in fiscal 2011.

The forecast also accounts for **Senate Bill 542 and House Bill 1331/Chapters 51 and 52** which require the State to appropriate a minimum of \$50 million annually to the Rainy Day Fund when the balance in the fund is greater than 5 percent but less than 7.5 percent of projected general fund revenues. The requisite \$50 million appropriation is assumed for fiscal 2009 through 2011 as the forecast anticipates the State will close fiscal 2008 and each subsequent year with a Rainy Day Fund balance equivalent to 5 percent of general fund revenues.

By the Numbers

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

Exhibit 1.5 shows the impact of the legislative budget on the general fund balance for fiscal 2006 and 2007. The fiscal 2006 balance is estimated to be \$1.3 billion. At the end of fiscal 2007, the closing balance is estimated to be \$121.6 million.

Exhibit 1.6, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budgets No. 1 and No. 2, legislative reductions, action at the 1st Special Session of 2006, and final appropriations for fiscal 2006 and 2007 by fund source. The Governor's original request provided for \$29.9 billion (exclusive of projected general fund reversions) in fiscal 2007 expenditures and fiscal 2006 deficiencies. The Governor added \$488.7 million in fiscal 2006 and 2007 spending via two supplemental budgets. The legislature made \$1.0 billion in reductions to the total budget request, and later added \$11.0 million in spending at the 1st Special Session of 2006. The sum of all of these actions resulted in a net change in appropriations of \$337.4 million for fiscal 2006, and total appropriations of \$29.0 billion for fiscal 2007.

Exhibit 1.7 illustrates budget changes by major expenditure category by fund. Total spending grows 9.3 percent. Debt service grows 0.7 percent; aid to local governments increases by 11.1 percent; entitlements grow 5.8 percent, and State agency spending rises 7.6 percent. PAYGO capital expenditures increase by 3.6 percent. A \$769.9 million appropriation to the State Reserve Fund is largely credited to the Rainy Day Fund balance, providing additional reserves to aid in balancing future budgets.

Exhibit 1.5
Final Budget Status
Status as of June 15, 2006

	<u>FY 2006</u>	<u>FY 2007</u>
Starting General Fund Balance	\$1,174,425,981	\$1,310,904,127
Revenues (2006 & 2007)		
BRE Estimated Revenues - December 2005	12,225,446,762	12,843,246,000
BRE Revenue Revision - March 2006	114,070,000	86,596,000
Budget Reconciliation and Financing Act of 2003	0	0
Budget Reconciliation and Financing Act of 2004	0	0
Budget Reconciliation and Financing Act of 2005 Transfers	138,500,000	0
Budget Reconciliation and Financing Act of 2005 Revenues	0	0
Other Legislation	363,250	-33,837,437
Supplemental Budget No. 1	0	114,000
Additional revenues	3,812,950	28,006,869
	\$12,482,192,962	\$12,924,125,432
Net Transfer to the GF from the Rainy Day Fund	-249,685,441	-593,282,470
Subtotal Available Revenues	\$13,406,933,502	\$13,641,747,089
Appropriations		
General Fund Appropriations Net of Rainy Day Fund	11,940,882,495	14,218,025,332
Deficiencies	162,103,236	0
Supplemental Budget No. 1	13,943,547	263,393,046
Supplemental Budget No. 2	28,389,543	-673,307
BRFA withdrawn appropriations	0	0
Legislative Reductions/contingent legislation	-22,089,246	-940,568,870
Estimated Agency Reversions	-27,200,200	-20,000,000
Subtotal Appropriations	\$12,096,029,375	\$13,520,176,201
Closing General Fund Balance	\$1,310,904,127	\$121,570,888

Exhibit 1.6
Fiscal Note
Summary of the Budget Bill – Senate Bill 110

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
Governor's Request					
FY 2006 Deficiency Budget	\$162,103,236	\$7,000,000	\$67,714,286	\$0	\$236,817,522
FY 2007 Budget	14,791,307,802 ⁽¹⁾	5,377,632,556	6,491,094,354	2,971,352,724	29,631,387,436
Original Budget Request	\$14,953,411,038	\$5,384,632,556	\$6,558,808,640	\$2,971,352,724	\$29,868,204,958
Supplemental Budget No. 1 and No. 2					
FY 2006 Deficiency Budget	\$42,333,090	\$77,636,342	\$14,621,874	\$0	\$134,591,306
FY 2007 Budget	262,719,739	68,454,510	22,961,705	0	354,135,954
	\$305,052,829	\$146,090,852	\$37,583,579	\$0	\$488,727,260
General Assembly Reductions					
FY 2006 Deficiency Budget	-\$22,089,246	-\$11,889,246	\$0	\$0	-\$33,978,492
FY 2007 Budget	-940,818,870	-29,927,289	-8,345,674	-20,099,540	-999,191,373
Total Reductions	-\$962,908,116	-\$41,816,535	-\$8,345,674	-\$20,099,540	-\$1,033,169,865
1st Special Session of 2006					
FY 2007 Budget	\$250,000	\$10,750,000	\$0	\$0	\$11,000,000
Total Reductions	\$250,000	\$10,750,000	\$0	\$0	\$11,000,000
Appropriations					
FY 2006 Deficiency Budget	\$182,347,080	\$72,747,096	\$82,336,160	\$0	\$337,430,336
FY 2007 Budget	14,113,458,671	5,426,909,777	6,505,710,385	2,951,253,184	28,997,332,017
Total Appropriation	\$14,295,805,751	\$5,499,656,873	\$6,588,046,545	\$2,951,253,184	\$29,334,762,353

⁽¹⁾ Reflects estimated general fund reversion of \$20 million.

Exhibit 1.7
State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2006 to FY 2007</u>	
	<u>FY 2006</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments					
County/Municipal	208.1	228.9	230.3	1.4	0.6%
Community Colleges	184.0	191.6	205.9	14.3	7.5%
Education/Libraries	3,678.9	4,065.8	4,534.9	469.1	11.5%
Health	60.9	61.9	63.1	1.2	2.0%
	\$4,131.8	\$4,548.2	\$5,034.2	\$486.0	10.7%
Entitlements					
Foster Care Payments	204.1	216.4	250.8	34.3	15.9%
Assistance Payments	49.0	48.6	43.6	-5.1	-10.4%
Medical Assistance	1,911.5	2,057.2	2,169.9	112.7	5.5%
Property Tax Credits	50.1	52.0	72.0	20.0	38.5%
	\$2,214.6	\$2,374.3	\$2,536.3	\$162.0	6.8%
State Agencies					
Health	1,218.7	1,254.0	1,325.5	71.4	5.7%
Human Resources	309.9	286.3	310.5	24.3	8.5%
Systems Reform Initiative	35.8	34.2	32.2	-2.1	-6.0%
Juvenile Services	177.8	194.7	214.4	19.8	10.2%
Public Safety/Police	968.8	1,046.5	1,129.9	83.4	8.0%
Higher Education	851.0	909.5	1,026.7	117.2	12.9%
Other Education	286.6	333.2	359.1	25.9	7.8%
Agric./Nat'l Res./Environment	130.0	122.7	138.9	16.2	13.2%
Other Executive Agencies	495.0	553.3	694.2	140.9	25.5%
Judicial/Legislative	339.4	358.8	394.5	35.7	10.0%
Across-the-board cuts ⁽¹⁾	0.0	0.0	-37.6	-37.6	n/a
	\$4,813.0	\$5,093.2	\$5,588.2	\$495.0	9.7%
Subtotal					
	\$11,159.3	\$12,015.7	\$13,158.7	\$1,143.0	9.5%
Capital/Heritage Reserve Fund ⁽²⁾	1.2	75.5	218.8	143.3	189.7%
Reserve Funds ⁽¹⁾⁽²⁾	114.7	281.7	756.0	474.3	168.4%
Appropriations	\$11,275.2	\$12,372.9	\$14,133.5	\$1,760.5	14.2%
Reversions	0.0	-27.2	-20.0	7.2	-26.5%
Grand Total	\$11,275.2	\$12,345.7	\$14,113.5	\$1,767.7	14.3%

Note: Fiscal 2006 reflects deficiency and supplemental deficiency appropriations of \$204.4 million and \$22.1 million in cuts to the deficiencies.

⁽¹⁾ The reserve funds line reflects \$37.6 million added to the Dedicated Purpose Account. This money comes from cutting the overbudgeted health insurance funds, shown in the across-the-board cuts line.

⁽²⁾ The reserve funds line excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Transportation Trust Fund. These monies are included in the capital/heritage rese

Exhibit 1.7 (Continued)
State Expenditures – Special and Higher Education Funds*
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2006 to FY 2007</u>	
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$707.4	\$769.0	\$774.6	\$5.6	0.7%
Aid to Local Governments					
County/Municipal	493.5	602.2	755.2	153.0	25.4%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	0.1	0.0	0.0	0.0	n/a
Health	0.0	0.0	0.0	0.0	n/a
	\$493.6	\$602.2	\$755.2	\$153.0	25.4%
Entitlements					
Foster Care Payments	0.1	0.7	1.4	0.7	93.8%
Assistance Payments	16.8	16.1	13.3	-2.8	-17.5%
Medical Assistance	73.6	133.0	155.4	22.4	16.9%
Property Tax Credits	0.0	0.0	0.0	0.0	-15.7%
	\$90.5	\$149.8	\$170.1	\$20.3	13.5%
State Agencies					
Health	174.7	181.0	217.1	36.1	20.0%
Human Resources	54.0	49.7	62.7	13.0	26.1%
Systems Reform Initiative	2.3	0.6	0.6	0.0	-7.4%
Juvenile Services	8.1	2.3	0.1	-2.1	-93.7%
Public Safety/Police	161.7	180.9	180.7	-0.2	-0.1%
Higher Education	2,613.1	2,828.3	2,957.6	129.2	4.6%
Other Education	23.3	27.3	32.2	5.0	18.2%
Transportation	1,147.7	1,167.3	1,233.3	66.1	5.7%
Agric./Natl Res./Environment	99.8	114.9	129.4	14.5	12.6%
Other Executive Agencies	363.1	395.9	507.4	111.5	28.2%
Judicial/Legislative	30.7	43.3	43.6	0.4	0.9%
Across-the-board cuts ⁽¹⁾	0.0	0.0	-8.0	-8.0	n/a
	\$4,678.4	\$4,991.5	\$5,356.8	\$373.3	7.3%
Subtotal	\$5,969.8	\$6,512.5	\$7,056.6	\$544.1	8.4%
Capital	943.1	1,251.4	1,313.5	62.1	5.0%
Reserve Funds ⁽¹⁾	0.0	9.2	8.0	-1.2	-13.1%
Grand Total	\$6,912.9	\$7,773.1	\$8,378.2	\$605.1	7.8%

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

Note: Fiscal 2006 reflects deficiency and supplemental deficiency appropriations of \$84.6 million and \$11.9 million in cuts to the deficiencies.

⁽¹⁾ The reserve funds line reflects \$8.0 million added to the Dedicated Purpose Account. This money comes from cutting the overbudgeted health insurance funds, shown under "Across-the-board cuts."

Exhibit 1.7 (Continued)
State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2005</u>	<u>Work. Appr.</u> <u>FY 2006</u>	<u>Leg. Appr.</u> <u>FY 2007</u>	<u>FY 2006 to FY 2007</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments					
County/Municipal	38.8	39.8	54.6	14.8	37.3%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	695.2	743.3	749.8	6.6	0.9%
Health	4.5	4.5	4.5	0.0	0.0%
	\$738.5	\$787.5	\$808.9	\$21.4	2.7%
Entitlements					
Foster Care Payments	81.4	89.1	96.8	7.7	8.7%
Assistance Payments	406.8	382.1	407.7	25.6	6.7%
Medical Assistance	2,030.1	2,208.3	2,294.0	85.6	3.9%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	\$2,518.4	\$2,679.6	\$2,798.5	\$119.0	4.4%
State Agencies					
Health	651.1	697.7	753.9	56.2	8.1%
Human Resources	443.9	519.4	567.4	48.0	9.2%
Systems Reform Initiative	21.2	23.6	14.9	-8.7	-36.9%
Juvenile Services	15.9	16.9	15.0	-1.9	-11.2%
Public Safety/Police	15.6	22.0	14.1	-7.9	-35.9%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	124.2	143.1	143.1	0.0	0.0%
Transportation	79.9	74.4	76.8	2.4	3.3%
Agric./Natl Res./Environment	51.8	57.1	54.5	-2.6	-4.6%
Other Executive Agencies	444.1	475.3	458.1	-17.2	-3.6%
Judicial/Legislative	2.5	2.7	3.4	0.7	24.1%
Across-the-board cuts ⁽¹⁾	0.0	0.0	-5.9	-5.9	n/a
	\$1,850.3	\$2,032.4	\$2,095.5	\$69.0	3.1%
Subtotal	\$5,107.2	\$5,499.5	\$5,702.9	\$203.5	3.7%
Capital	771.0	921.0	796.9	-124.1	-13.5%
Reserve Funds ⁽¹⁾	0.0	0.0	5.9	5.9	n/a
Grand Total	\$5,878.2	\$6,420.4	\$6,505.7	\$85.3	1.3%

Note: Fiscal 2006 reflects deficiency and supplemental deficiency appropriations of \$82.3 million.

⁽¹⁾ The reserve funds line reflects \$5.9 million added to the Dedicated Purpose Account. This money comes from cutting the overbudgeted health insurance funds, shown under "Across-the-board cuts."

Exhibit 1.7 (Continued)
State Expenditures – State Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2005</u>	<u>Work. Appr.</u> <u>FY 2006</u>	<u>Leg. Appr.</u> <u>FY 2007</u>	<u>FY 2006 to FY 2007</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$707.4	\$769.0	\$774.6	\$5.6	0.7%
Aid to Local Governments					
County/Municipal	701.5	831.1	985.4	154.3	18.6%
Community Colleges	184.0	191.6	205.9	14.3	7.5%
Education/Libraries	3,679.0	4,065.8	4,534.9	469.1	11.5%
Health	60.9	61.9	63.1	1.2	2.0%
	\$4,625.4	\$5,150.4	\$5,789.3	\$638.9	12.4%
Entitlements					
Foster Care Payments	204.1	217.2	252.2	35.0	16.1%
Assistance Payments	65.8	64.7	56.8	-7.9	-12.2%
Medical Assistance	1,985.1	2,190.2	2,325.3	135.1	6.2%
Property Tax Credits	50.1	52.0	72.1	20.0	38.4%
	\$2,305.1	\$2,524.2	\$2,706.4	\$182.2	7.2%
State Agencies					
Health	1,393.3	1,435.0	1,542.6	107.6	7.5%
Human Resources	363.9	336.0	373.2	37.3	11.1%
Systems Reform Initiative	38.1	34.9	32.8	-2.1	-6.0%
Juvenile Justice	185.9	196.9	214.6	17.7	9.0%
Public Safety/Police	1,130.4	1,227.4	1,310.6	83.2	6.8%
Higher Education	3,464.0	3,737.8	3,984.2	246.4	6.6%
Other Education	309.9	360.5	391.3	30.8	8.5%
Transportation	1,147.7	1,167.3	1,233.3	66.1	5.7%
Agric./Natl Res./Environment	229.8	237.7	268.3	30.6	12.9%
Other Executive Agencies	858.0	949.2	1,201.6	252.3	26.6%
Judicial/Legislative	370.1	402.1	438.2	36.1	9.0%
Across-the-board cuts ⁽¹⁾	0.0	0.0	-45.6	-45.6	n/a
	\$9,491.3	\$10,084.7	\$10,945.0	\$860.4	8.5%
Subtotal					
	\$17,129.1	\$18,528.2	\$20,215.3	\$1,687.1	9.1%
Capital/Heritage Reserve Fund ⁽²⁾	944.3	1,326.9	1,532.3	205.4	15.5%
Reserve Funds ⁽¹⁾⁽²⁾	114.7	290.9	764.0	473.1	162.6%
Appropriations	\$18,188.1	\$20,146.0	\$22,511.6	\$2,365.6	11.7%
Reversions	0.0	-27.2	-20.0	7.2	-26.5%
Grand Total	\$18,188.1	\$20,118.8	\$22,491.6	\$2,372.8	11.8%

Note: Fiscal 2006 reflects deficiency and supplemental deficiency appropriations of \$289.1 million and \$34.0 million in cuts to the deficiencies.

⁽¹⁾ The reserve funds line reflects \$45.6 million added to the Dedicated Purpose Account. This money comes from cutting the overbudgeted health insurance funds, shown in the across-the-board cuts line.

⁽²⁾ The reserve funds line excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Transportation Trust Fund. These monies are included in the capital/heritage rese

Exhibit 1.7 (Continued)
State Expenditures – All Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2006 to FY 2007</u>	
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$707.4	\$769.0	\$774.6	\$5.6	0.7%
Aid to Local Governments					
County/Municipal	740.3	870.9	1,040.0	169.2	19.4%
Community Colleges	184.0	191.6	205.9	14.3	7.5%
Education/Libraries	4,374.2	4,809.1	5,284.8	475.7	9.9%
Health	65.4	66.4	67.6	1.2	1.9%
	\$5,363.8	\$5,937.9	\$6,598.3	\$660.4	11.1%
Entitlements					
Foster Care Payments	285.6	306.3	349.0	42.7	14.0%
Assistance Payments	472.6	446.9	464.6	17.7	4.0%
Medical Assistance	4,015.2	4,398.5	4,619.3	220.7	5.0%
Property Tax Credits	50.1	52.0	72.1	20.0	38.4%
	\$4,823.5	\$5,203.7	\$5,504.9	\$301.2	5.8%
State Agencies					
Health	2,044.4	2,132.7	2,296.5	163.8	7.7%
Human Resources	807.8	855.4	940.7	85.3	10.0%
Systems Reform Initiative	59.3	58.5	47.7	-10.8	-18.5%
Juvenile Justice	201.8	213.8	229.6	15.8	7.4%
Public Safety/Police	1,146.1	1,249.4	1,324.7	75.3	6.0%
Higher Education	3,464.0	3,737.8	3,984.2	246.4	6.6%
Other Education	434.1	503.6	534.4	30.9	6.1%
Transportation	1,227.6	1,241.7	1,310.2	68.5	5.5%
Agric./Natl Res./Environment	281.6	294.8	322.8	28.0	9.5%
Other Executive Agencies	1,302.1	1,424.6	1,659.7	235.1	16.5%
Judicial/Legislative	372.6	404.8	441.6	36.8	9.1%
Across-the-board cuts ⁽¹⁾	0.0	0.0	-51.5	-51.5	n/a
	\$11,341.6	\$12,117.0	\$13,040.5	\$923.5	7.6%
Subtotal					
	\$22,236.3	\$24,027.7	\$25,918.2	\$1,890.6	7.9%
Capital/Heritage Reserve Fund ⁽²⁾	1,715.3	2,247.9	2,329.2	81.3	3.6%
Reserve Funds ⁽¹⁾⁽²⁾	114.7	290.9	769.9	479.0	164.7%
Appropriations	\$24,066.3	\$26,566.4	\$29,017.3	\$2,450.9	9.2%
Reversions	0.0	-27.2	-20.0	7.2	-26.5%
Grand Total	\$24,066.3	\$26,539.2	\$28,997.3	\$2,458.1	9.3%

Note: Fiscal 2006 reflects deficiency and supplemental deficiency appropriations of \$371.4 million and \$34.0 million in cuts to the deficiencies.

⁽¹⁾ The reserve funds line reflects \$51.5 million added to the Dedicated Purpose Account. This money comes from cutting the overbudgeted health insurance funds, shown in the across-the-board cuts line.

⁽²⁾ The reserve funds line excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Transportation Trust Fund. These monies are included in the capital/heritage rese

Chapter Two – State Capital Program

- Summary
- Debt Affordability
- Higher Education
- Public School Construction Funding Remains a High Priority for the General Assembly
- Transfer Tax

Summary

The 2006 General Assembly passed a capital budget totaling \$3.577 billion, including \$1.9 billion for the transportation program. Of the total \$1.677 billion nontransportation capital program, \$712.7 million is funded with general obligation (GO) bonds; \$938.7 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and \$25 million is funded with academic revenue bonds for University of Maryland System facilities authorized in **HB 1666/Chapter 415**.

Exhibit 2.1 presents an overview of the State's capital program for fiscal 2007, **Exhibit 2.2** shows the sources and uses of the funds for the nontransportation capital program, **Exhibit 2.3** lists capital projects and programs by fund source, and **Exhibit 2.4** provides the individual legislative projects funded in the 2006 Maryland Consolidated Capital Bond Loan (MCCBL); **SB 370/Chapter 46**. The 2006 MCCBL includes funding for:

- State facilities, including colleges and universities, hospitals, public health laboratories, office buildings, and correctional facilities;
- grants to local governments for school construction, community college facilities, and local detention centers;
- health and social services facilities such as senior citizen and adult day care centers, juvenile service facilities, and community health, disabilities, and addiction facilities;
- environmental programs, such as the Chesapeake Bay restoration, asbestos abatement, underground heating oil storage tank replacement, community parks and playgrounds, and drinking water and stormwater programs; and
- local projects and legislative initiatives.

In addition to GO debt, the State's capital program is funded with PAYGO funds which are used primarily to support programs for which tax-exempt debt is limited under federal tax guidelines, primarily economic development, housing, and environmental programs. Recent years' fiscal constraints greatly reduced the amount of PAYGO funds available to support the capital program. In 2005 the State sold taxable debt for some purposes formerly funded by PAYGO financing resulting in somewhat higher borrowing costs. In order to reduce borrowing costs and provide for a more efficient capital program, the Spending Affordability Committee (SAC) recommended that the State appropriate general funds for capital projects and programs that require the issuance of taxable bonds and excluded such appropriations from the affordability calculation. Of the \$180.7 million of fiscal 2007 general fund PAYGO appropriations, \$74 million is provided to avoid the need to issue taxable bonds. This includes \$18.4 million in general funds appropriated to replace prior year GO authorizations that are

deauthorized in the capital budget bill because they would have required the issuance of taxable bonds.

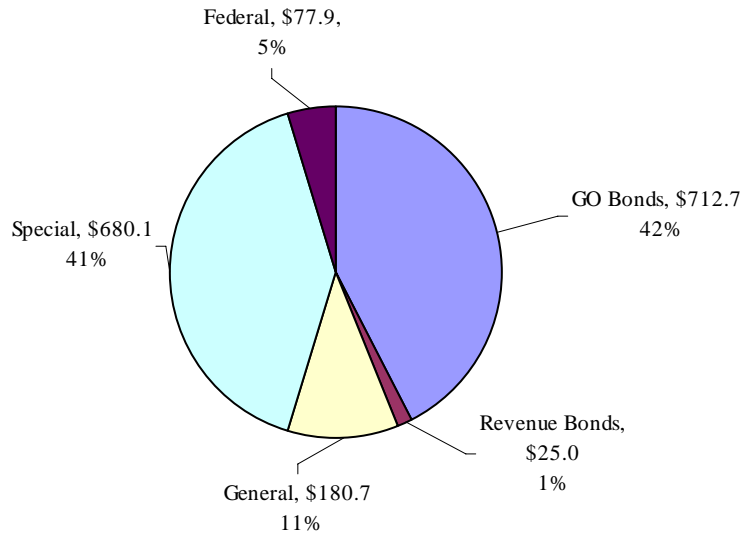
Exhibit 2.1
Summary of the Capital Program
(\$ in Millions)

<u>Function</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General</u> <u>Obligation</u>	<u>Agency</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
State Facilities						\$53.5
Facilities Renewal	\$11.0	\$0.0	\$10.9	\$0.3	\$0.0	
Other	0.0	0.0	18.4	0.0	12.8	
Health/Social						\$28.9
State Facilities	13.6	0.0	0.0	0.0	0.0	
Private Hospitals	3.5	0.0	0.0	0.0	0.0	
Other	11.8	0.0	0.0	0.0	0.0	
Environment						\$632.0
Natural Resources	8.0	0.0	0.0	322.1	7.2	
Agriculture	6.2	0.0	0.0	90.6	5.0	
Environment	25.7	0.0	10.5	116.4	34.5	
MD Environmental Service	2.9	0.0	0.0	0.0	0.0	
Energy	0.0	0.0	0.0	3.0	0.0	
Public Safety						\$50.9
State Corrections	0.0	0.0	0.0	49.0	0.0	
Local Jails	1.9	0.0	0.0	0.0	0.0	
Education						\$332.9
School Construction	284.7	0.0	0.0	18.4	0.0	
Other	24.6	0.0	5.3	0.0	0.0	
Higher Education						\$283.3
University System	146.5	25.0	19.1	0.0	0.0	
Morgan State University	13.6	0.0	0.0	0.0	0.0	
St. Mary's College	9.7	0.0	0.0	0.0	0.0	
Community Colleges	55.6	0.0	0.0	0.0	0.0	
Private Colleges/Universities	9.0	0.0	0.0	0.0	0.0	
Medical System	5.0	0.0	0.0	0.0	0.0	
Housing/Community Dev.						\$72.4
Housing	1.0	0.0	18.2	11.5	7.3	
Other	1.9	0.0	10.6	11.8	10.1	

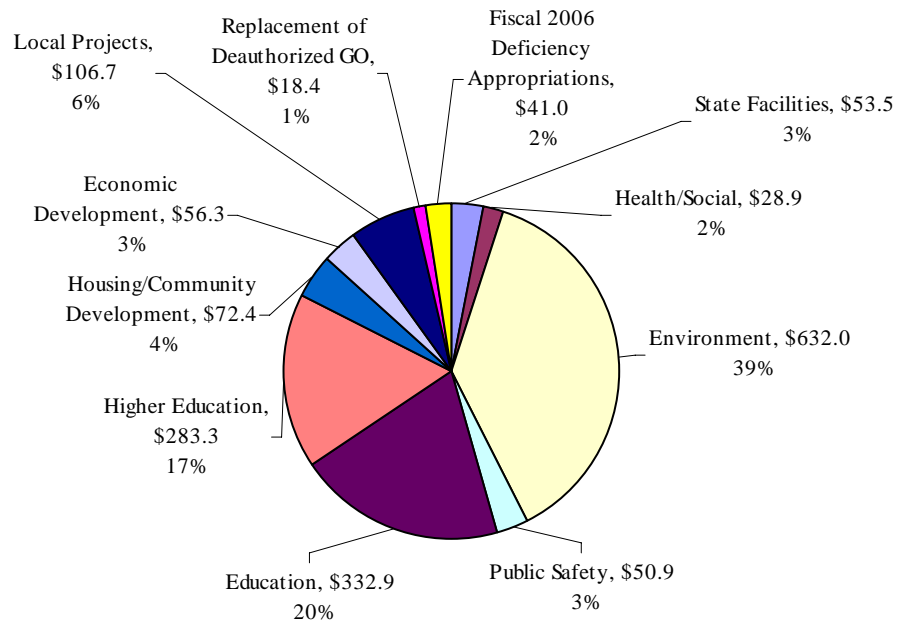
<u>Function</u>	Bonds		Current Funds (PAYGO)			<u>Total</u>
	<u>General Obligation</u>	<u>Agency</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
Economic Development						\$56.3
Economic Development	0.0	0.0	6.3	20.0	0.0	
Other	0.0	0.0	30.0	0.0	0.0	
Local Projects						\$106.7
Administration	20.9	0.0	29.6	0.0	0.0	
Legislative	55.7	0.0	0.5	0.0	0.0	
Replacement of Deauthorized GO						\$18.4
	0.0	0.0	18.4	0.0	0.0	
Fiscal 2006 Deficiency Appropriations						\$41.0
	0.0	0.0	3.0	37.0	1.0	
Subtotal Fiscal 2007	\$712.7	\$25.0	\$180.7	\$680.1	\$77.9	\$1,676.5
Transportation	\$0.0	\$235.0	\$0.0	\$891.1	\$774.5	\$1,900.7
Less GO Deauthorization	<u>-22.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Grand Total	\$690.0	\$260.0	\$180.7	\$1,571.2	\$852.5	\$3,577.2

Exhibit 2.2
Nontransportation Capital
(\$ in Millions)

Sources



Uses



**Exhibit 2.3
Capital Program – 2006 Session**

Bonds

Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
State Facilities							
D06E02.01B	Public Safety Communication System	\$0	\$0	\$10,000,000	\$0	\$0	\$10,000,000
D06E02.01G	DGS: Facility Renewal	0	0	10,887,000	345,000	0	11,232,000
D55P00.04	Veterans Affairs Cemetery Expansion	0	0	530,000	0	7,923,000	8,453,000
DA02.01A	DOD: Accessibility Modifications	1,600,000	0	0	0	0	1,600,000
DE02.01A	BPW: 6 St. Paul Street – Elevator	2,313,000	0	0	0	0	2,313,000
DE02.01B	BPW: 2100 Guilford Ave. Addition	1,800,000	0	0	0	0	1,800,000
DE02.01C	DGS: Asbestos Abatement Program	1,800,000	0	0	0	0	1,800,000
DE02.01D	DGS: Underground Heating Oil Tanks	500,000	0	0	0	0	500,000
DE02.01E	BPW: Legislative Facilities – Old House Chamber	1,000,000	0	0	0	0	1,000,000
DE02.01F	BPW: Legislative Facilities – Annapolis Complex	2,000,000	0	0	0	0	2,000,000
D06E02.01s8	Misc: Dundalk Field Maintenance Shop	0	0	1,200,000	0	4,912,000	6,112,000
Y01A01.01	Judiciary: Rockville District Court	0	0	3,000,000 ¹	0	0	3,000,000
Y01A01.01	Judiciary: Centreville District Court	0	0	3,700,000 ¹	0	0	3,700,000
Subtotal		\$11,013,000	\$0	\$29,313,000	\$345,000	\$12,835,000	\$53,510,000
Health/Social							
DA07A	Aging: Senior Citizens Activities Centers	\$1,393,000	\$0	\$0	\$0	\$0	\$1,393,000
MA01A	DHMH: Community Health Facilities	7,754,000	0	0	0	0	7,754,000
MA01B	DHMH: Fed. Qualified Health Centers	1,981,000	0	0	0	0	1,981,000
MF05A	DHMH: New Forensic Health Laboratory	2,945,000	0	0	0	0	2,945,000
MJ02A	DHMH: New Public Health Laboratory	9,424,000	0	0	0	0	9,424,000
ML10A	DHMH: Clifton T Perkins – Max Security	137,000	0	0	0	0	137,000
VD01A	DJS: Juvenile Services Facilities Program	1,136,000	0	0	0	0	1,136,000
VD01B	DJS: Gang-Related Activity Prevention Grants	647,414	0	0	0	0	647,414
ZA03.1	MHA: Anne Arundel Medical Center	250,000	0	0	0	0	250,000
ZA03.2	MHA: Howard County General Hospital	325,000	0	0	0	0	325,000
ZA03.3	MHA: Kennedy Krieger Children’s Hospital	1,000,000	0	0	0	0	1,000,000
ZA03.4	MHA: Mt. Washington Pediatric Hospital	750,000	0	0	0	0	750,000
ZA03.5	MHA: Northwest Hospital Center	400,000	0	0	0	0	400,000
ZA03.6	MHA: St. Mary’s Hospital of St. Mary’s County	762,300	0	0	0	0	762,300
Subtotal		\$28,904,714	\$0	\$0	\$0	\$0	\$28,904,714

Bonds

Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
Environment							
D13A13.02	MEA: Community Energy Loan Program	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
D13A13.03	MEA: State Agency Loan Program	0	0	0	1,000,000	0	1,000,000
D13A13.04	MEA: Energy Efficiency & Econ. Dev. Loan Program	0	0	0	500,000	0	500,000
K00A05.01A	DNR: POS Land Acquisition & Loan Programs	0	0	0	252,566,315	4,000,000	256,566,315
K00A05.01B	DNR: POS Capital Improvements	0	0	0	15,641,000	2,150,000	17,791,000
K00A05.11	DNR: Waterway Improvement Fund	0	0	0	25,000,000	1,000,000	26,000,000
K00A05.14A	DNR: Shore Erosion Control Program	0	0	0	800,000	0	800,000
K00A09.06	DNR: Ocean City Beach Maintenance	0	0	0	2,000,000	0	2,000,000
KA05A	DNR: Community Parks and Playgrounds	5,000,000	0	0	0	0	5,000,000
KA05B	DNR: Rural Legacy Program	0	0	0	26,050,000	0	26,050,000
KA17A	DNR: Oyster Restoration Program	3,000,000	0	0	0	0	3,000,000
L00A11.11	DNR: Agricultural Land Preservation	0	0	0	82,139,000	5,000,000	87,139,000
LA12.13	MDA: Tobacco Transition Program	1,585,000	0	0	8,480,000	0	10,065,000
LA15A	MDA: Agricultural Cost Share Program	4,578,000	0	0	0	0	4,578,000
U00A01.03	MDE: Water Quality Loan Program	0	0	5,534,000	37,903,255	26,562,745	70,000,000
U00A01.11A	MDE: Chesapeake Bay Restoration – ENR	0	0	0	70,000,000	0	70,000,000
U00A01.11B	MDE: Chesapeake Bay Restoration – Sewer Rehab.	0	0	0	5,000,000	0	5,000,000
U00A01.12A	MDE: Chesapeake Bay Restoration – Septic System	0	0	0	500,000	0	500,000
UA01.04	MDE: Hazardous Substance Cleanup	0	0	500,000	0	0	500,000
UA01.05	MDE: Drinking Water Loan Program	0	0	2,290,000	2,950,000	7,931,000	13,171,000
UA04A1	MDE: CBWQ Nutrient Removal – BNR	15,788,000	0	2,212,000	0	0	18,000,000
UA04A2	MDE: CBWQ Supplemental Assistance	6,000,000	0	0	0	0	6,000,000
UA04A3	MDE: CBWQ Small Creeks & Estuaries	1,000,000	0	0	0	0	1,000,000
UA04A4	MDE: CBWQ Stormwater Pollution	450,000	0	0	0	0	450,000
UA04B	MDE: Water Supply Assistance Program	2,500,000	0	0	0	0	2,500,000
UB00A	MES: Infrastructure Improvement Fund	2,917,000	0	0	0	0	2,917,000
Subtotal		\$42,818,000	\$0	\$10,536,000	\$532,029,570	\$46,643,745	\$632,027,315
Public Safety							
QB04A	DPSCS: MCTC Window/Heating System	\$0	\$0	\$0	\$1,300,000 ²	\$0	\$1,300,000
QB08.02A	DPSCS: NBCI 1,024-Cell Housing Complex	0	0	0	30,272,000 ²	0	30,272,000
QD00A	DPSCS: Patuxent Institute Electrical Upgrade	0	0	0	6,545,000 ²	0	6,545,000
QD00B	DPSCS: Patuxent Institute Fire Safety Improvements	0	0	0	7,900,000 ²	0	7,900,000
QP00A	DPSCS: Baltimore City Detention Center	0	0	0	3,000,000 ²	0	3,000,000
ZB02A	Local Jails: Dorchester County Detention	63,000	0	0	0	0	63,000
ZB02B	Local Jails: Garrett County Detention	518,000	0	0	0	0	518,000

		Bonds						
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds	
ZB02C	Local Jails: Harford County Detention	853,000	0	0	0	0	853,000	
ZB02D	Local Jails: Prince George’s Detention	357,000	0	0	0	0	357,000	
ZB02E	Local Jails: Washington County Detention	94,000	0	0	0	0	94,000	
	Subtotal	\$1,885,000	\$0	\$0	\$49,017,000	\$0	\$50,902,000	
	Education							
DE02.02A	Public School Construction	\$284,669,000	\$0	\$0	\$18,400,000 ³	\$0	\$303,069,000 ⁴	
D06E02.01s10	Aging Schools Program	0	0	5,251,000 ⁵	0	0	5,251,000	
RE01A	MD School for Deaf – Frederick Campus	24,605,000	0	0	0	0	24,605,000	
	Subtotal	\$309,274,000	\$0	\$5,251,000	\$18,400,000	\$0	\$332,925,000	
	Higher Education							
RB21rb	UMB: Dental School	\$0	\$7,000,000	\$0	\$0	\$0	\$7,000,000	
RB21A	UMB: Pharmacy Hall Building	2,200,000	0	0	0	0	2,200,000	
RB22A	UMCP: Biological Science Bldg. Equip.	2,300,000	0	0	0	0	2,300,000	
RB22B	UMCP: Tawes Fine Arts Bldg. Conversion	1,470,000	0	0	0	0	1,470,000	
RB22C	UMCP: Van Munching Hall	5,945,000	0	0	0	0	5,945,000	
RB22D	UMCP: Physical Science Building	1,000,000	0	0	0	0	1,000,000	
D06E02.01s6	UMCP: New Journalism Building	0	0	10,000,000	0	0	10,000,000	
RB23A	BSU: New Fine & Performing Arts Bldg.	2,725,000	0	0	0	0	2,725,000	
RB24A	TU: New College of Liberal Arts Complex	40,935,000	3,000,000	0	0	0	43,935,000	
RB24B	TU: Campus Safety & Circulation Imp.	1,300,000	0	0	0	0	1,300,000	
RB26A	FSU: Information Sciences Building	2,200,000	0	0	0	0	2,200,000	
D06E02.01s9	FSU: Property Acquisition	0	0	2,700,000	0	0	2,700,000	
RB27A	CSU: Campus Utilities/Security Imp.	10,390,000	0	0	0	0	10,390,000	
RB27B	CSU: New Physical Education Complex	2,331,000	0	0	0	0	2,331,000	
RB27C	CSU: Demolition Lutheran Hospital Site	2,237,000	0	0	0	0	2,237,000	
D06E02.01s7	CSU: Health & Humans Services Building	0	0	6,370,000	0	0	6,370,000	
RB29A	SU: New Teacher Ed. & Tech Complex	49,589,000	0	0	0	0	49,589,000	
RB29B	SU: New Perdue School of Business	1,700,000	0	0	0	0	1,700,000	
RB30A	UMUC: Academic Technology Support Ctr.	13,815,000	0	0	0	0	13,815,000	
RB31A	UMBC: Performing Arts/Humanities Ctr.	4,950,000	0	0	0	0	4,950,000	
RB34A	UMCES: Oyster Production Facility	391,000	0	0	0	0	391,000	
RB35A	USM: Shady Grove Education Center III	1,000,000	0	0	0	0	1,000,000	
RB36rb	USM: Facility Renewal	0	15,000,000	0	0	0	15,000,000	
RD00A	SMC: New Student Services Bldg.	8,600,000	0	0	0	0	8,600,000	
RD00B	SMC: New Academic Bldg.	1,050,000	0	0	0	0	1,050,000	
RI00A	MHEC: Community College Grant Program	43,747,000	0	0	0	0	43,747,000	

		Bonds					
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
RI00B	MHEC: Montgomery Coll. – Takoma Park	11,841,000	0	0	0	0	11,841,000
RM00A	MSU: Campuswide Utilities Upgrade	7,010,000	0	0	0	0	7,010,000
RM00B	MSU: Campuswide Site Improvements	2,840,000	0	0	0	0	2,840,000
RM00C	MSU: New Center for Built Environment	1,664,704	0	0	0	0	1,664,704
RM00D	MSU: Northwood Shopping Ctr. Demo.	1,800,000	0	0	0	0	1,800,000
RM00E	MSU: Lillie Carroll Jackson Museum	240,000	0	0	0	0	240,000
RQ00A	UMMS: Diagnostic & Treatment Facility	2,500,000	0	0	0	0	2,500,000
RQ00B	UMMS: Ambulatory Care Center	2,500,000	0	0	0	0	2,500,000
ZA00H	MICUA: JHU School of Nursing	3,000,000	0	0	0	0	3,000,000
ZA00I	MICUA: College of Notre Dame Library	3,000,000	0	0	0	0	3,000,000
ZA00J	MICUA: Washington College	3,000,000	0	0	0	0	3,000,000
Subtotal		\$239,270,704	\$25,000,000	\$19,070,000	\$0	\$0	\$283,340,704
Economic Development							
D40W01.12	Planning: Heritage Tax Credit Fund	\$0	\$0	\$30,000,000	\$0	\$0	\$30,000,000
T00F00.23	MD Econ. Development Assistance Fund	0	0	6,345,167	20,000,000	0	26,345,167
Subtotal		\$0	\$0	\$36,345,167	\$20,000,000	\$0	\$56,345,167
Housing/Community Development							
DB01A	Historic St. Mary's City Comm. St. John's	\$1,330,000	\$0	\$0	\$0	\$0	\$1,330,000
DW00.10A	Planning: MHT Capital Grant Fund	600,000	0	0	0	0	600,000
D06E02.01(5)	BPW: Maryland Affordable Housing Trust	0	0	1,000,000 ⁵	0	0	1,000,000
S00A24.02A	DHCD: Community Legacy Program	0	0	8,000,000	0	0	8,000,000
S00A24.02B	DHCD: Neighborhood Business Development Prgm.	0	0	0	6,000,000	0	6,000,000
S00A24.02C	DHCD: Community Development Block Grants	0	0	0	0	10,000,000	10,000,000
S00A25.07	DHCD: Rental Housing Program	0	0	10,000,000	5,542,000	5,300,000	20,842,000
S00A25.08	DHCD: Homeownership Programs	0	0	1,555,000	5,945,000	100,000	7,600,000
S00A25.09	DHCD: Special Loan Programs	0	0	2,187,000	5,813,000	2,034,000	10,034,000
S00A25.10	DHCD: Partnership Rental Housing	0	0	6,000,000	0	0	6,000,000
SA25A	DHCD: Shelter & Transitional Housing	1,000,000	0	0	0	0	1,000,000
Subtotal		\$2,930,000	\$0	\$28,742,000	\$23,300,000	\$17,434,000	\$72,406,000
Local Projects							
D06E02.01A	Misc: Ripken Stadium & Youth Academy	\$0	\$0	\$500,000	\$0	\$0	\$500,000
D06E02.01C	Misc: East Baltimore Biotech Park	0	0	5,000,000	0	0	5,000,000
D06E02.01E	Misc: MD Zoo in Baltimore – Elephant Facilities	0	0	500,000	0	0	500,000
D06E02.01F	Misc: Baltimore City Westside Revitalization	0	0	5,000,000	0	0	5,000,000
D06E02.01HA	Misc: Adventure Sports Complex	0	0	750,000	0	0	750,000
D06E02.01HB	Misc: Blind Industries of Maryland	0	0	1,000,000	0	0	1,000,000

Bonds

Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
D06E02.01HC	Misc: Children’s Guild	0	0	135,000	0	0	135,000
D06E02.01HD	Misc: Forest Park Golf Club	0	0	500,000	0	0	500,000
D06E02.01HE	Misc: Helping Up Mission	0	0	1,000,000	0	0	1,000,000
D06E02.01HF	Misc: Irvine Nature Center	0	0	200,000	0	0	200,000
D06E02.01HG	Misc: Lloyd Street Synagogue	0	0	440,000	0	0	440,000
D06E02.01HH	Misc: Paul’s Place	0	0	250,000	0	0	250,000
D06E02.01HI	Misc: MAC Area Agency on Aging	0	0	1,500,000	0	0	1,500,000
D06E02.01HK	Misc: Victory Youth Center	0	0	225,000	0	0	225,000
D06E02.01HL	Misc: YMCA Western Family Branch	0	0	500,000	0	0	500,000
D06E02.01HM	Misc: YMCA Towson	0	0	500,000	0	0	500,000
D06E02.01(7)	Misc: Citizens Care & Rehabilitation Center	0	0	500,000 ⁵	0	0	500,000
D06E02.01s1	Misc: Ivymount School	0	0	170,000	0	0	170,000
D06E02.01s3	Misc: Great Blacks in Wax Museum	0	0	650,000	0	0	650,000
D06E02.01s21	Misc: Maryland Historical Society	0	0	1,000,000	0	0	1,000,000
T00F00.23(3)	Misc: Maryland Zoo in Baltimore – Facility Renewal	0	0	760,000 ⁵	0	0	760,000
T00F00.23(4)	Misc: Frederick Keys – Harry Grove Stadium	0	0	1,000,000 ⁵	0	0	1,000,000
ZA00A	Misc: Catholic Charities Facilities	2,000,000	0	0	0	0	2,000,000
ZA00C	Misc: YMCA – Hagerstown	400,000	0	0	0	0	400,000
ZA00D	Misc: JHU Medicine – Cardio Tower	12,500,000	0	5,000,000	0	0	17,500,000
ZA00E	Misc: JHU Medicine Pediatric Trauma Ctr.	15,000,000	0	0	0	0	15,000,000
ZA00F	Misc: Kennedy Krieger Institute	1,000,000	0	0	0	0	1,000,000
ZA00G	Misc: Lyric Opera House	1,000,000	0	0	0	0	1,000,000
ZA00L	Misc: Nat. Aquarium – Ct. for Aquatic Life	1,500,000	0	1,000,000 ⁵	0	0	2,500,000
ZA00M	Misc: Rockville Town Ctr. Redevelopment	1,500,000	0	0	0	0	1,500,000
ZA00N	Misc: Sheppard Pratt Hospital	1,000,000	0	0	0	0	1,000,000
ZA00P	Misc: Doctors Community Hospital	2,000,000	0	0	0	0	2,000,000
ZA00Q	Misc: Prince George’s Hospital	4,000,000	0	0	0	0	4,000,000
ZA00R	Misc: North Hagerstown High School	250,000	0	0	0	0	250,000
ZA00S	Misc: Maryland State Fairgrounds	150,000	0	0	0	0	150,000
ZA00T	Misc: Annapolis Underground Wiring	600,000	0	0	0	0	600,000
ZA00U	Misc: Prince George’s County Courthouse	1,000,000	0	0	0	0	1,000,000
ZA00V	Misc: Worcester County Development Ctr.	1,500,000	0	0	0	0	1,500,000
ZA00W	Misc: Baltimore Child Abuse Center	250,000	0	0	0	0	250,000
ZA00X	Misc: For All Seasons Mid Shore Center	50,000	0	0	0	0	50,000
ZA00Y	Misc: Historic Annapolis Foundation	250,000	0	0	0	0	250,000
ZA00Z	Misc: Maryland Hall	100,000	0	0	0	0	100,000
ZA00AA	Misc: Randallstown Community Center	152,415	0	0	0	0	152,415

		Bonds					
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
ZA00AB	Misc: Southern Maryland Stadium	300,000	0	2,000,000	0	0	2,300,000
ZA00AC	Misc: United Way of Calvert County	145,000	0	0	0	0	145,000
	Legislative Initiatives	30,000,000	0	0	0	0	30,000,000
	Subtotal	\$76,647,415	\$0	\$30,080,000	\$0	\$0	\$106,727,415
	Replacement of Deauthorized GO Bonds						
D06E02.01(1)	Maryland Technology Development Corporation	\$0	\$0	\$2,500,000 ⁵	\$0	\$0	\$2,500,000
D06E02.01(2)	MDE: Water Quality Revolving Loan Fund	0	0	2,618,000 ⁵	0	0	2,618,000
D06E02.01(3)	MDE: Maryland Drinking Water Loan Fund	0	0	1,995,000 ⁵	0	0	1,995,000
D06E02.01(4)	DHCD: Rental Housing Programs	0	0	5,395,000 ⁵	0	0	5,395,000
T00F00.23(1)	DHCD: Community Legacy Program	0	0	5,894,833 ⁵	0	0	5,894,833
	Subtotal	\$0	\$0	\$18,402,833	\$0	\$0	\$18,402,833
	Fiscal 2006 Deficiency Appropriations						
L00A11.11	DNR: Agricultural Land Preservation	0	0	0	2,000,000	1,035,274	3,035,274
U00A01.03	MDE: Water Quality Loan Program	0	0	0	35,000,000	0	35,000,000
VE01A	DJS: Cheltenham Youth Detention	0	0	3,000,000 ⁵⁷	0	0	3,000,000
	Subtotal	\$0	\$0	\$3,000,000	\$37,000,000	\$1,035,274	\$41,035,274
	Deauthorizations	-\$22,742,833	\$0	\$0	\$0	\$0	\$0
	Totals	\$690,000,000	\$25,000,000	\$180,744,000	\$680,091,570	\$77,948,019	\$1,676,526,422

¹The Governor is authorized to transfer funds from the State Reserve Fund to fund this project. If not expended for this project, the funds would remain in the Rainy Day Fund of the State Reserve Fund.

²The Governor is authorized to fund this project using available bond premiums derived from the sale of State general obligation bonds in July 2005 and March 2006. Should these funds not be used to fund this project, the funds would remain in the Annuity Bond Fund.

³Includes authorization to use up to \$16 million of bond sale premiums from the Annuity Bond Fund from the sale of State general obligation bond funds in July 2006.

⁴This does not include \$19.6 million from the Interagency Committee on School Construction contingency fund which brings the total funding for school construction projects to \$322.7 million.

⁵The Governor is authorized to fund this project/program from the Board of Public Works general fund capital appropriation. Any amount of these funds not used for the purpose specified shall revert to the general fund. The Aging Schools Program also receives \$9.9 million in the operating budget, for a total of \$15.2 million in fiscal 2007.

⁶The Governor is authorized to fund this project/program from the Maryland Economic Development Authority Assistance Fund general fund capital appropriation. Any amount of these funds not used for the purpose specified shall revert to the general fund.

⁷The Governor is authorized to fund the preliminary planning for a new Department of Juvenile Justice detention center at the Cheltenham Youth Facility. Any amount of these funds not used for the purpose specified shall revert to the general fund.

Exhibit 2.4
Legislative Projects – Local Initiatives – 2006 Session

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Allegany County				
La Vale Boulevard Area Storm Drain System		100,000	<u>100,000</u>	Hard
Subtotal			\$100,000	
Anne Arundel County				
Annapolis & AA Co. Conf. & Visitors Bureau		250,000	250,000	Soft (1); Hist. Ease.
Annapolis Maritime Museum	250,000		250,000	Soft(2,3)
Chesapeake Children’s Museum		115,000	115,000	Soft (2)
Children’s Theatre of Annapolis	125,000		125,000	Soft(2,3)
Community Center at Woods	225,000		225,000	Soft (3)
Hancock’s Resolution Visitor Center		100,000	100,000	Soft (1); Hist. Ease.
James Brice House	400,000		400,000	Soft (2); Hist. Ease.
Jessup Community Hall	50,000		50,000	Soft (U,3)
Linthicum Walks	50,000		50,000	Hard; Hist. Ease.
Maryland Hall for the Creative Arts	250,000		250,000	Hard; Hist. Ease.
Opportunity Builders		585,000	585,000	Soft (1,3)
Women’s Club of Linthicum Heights	50,000		<u>50,000</u>	Soft (all) Hist. Ease.
Subtotal			\$2,450,000	
Baltimore County				
Artificial Turf Field		400,000	400,000	Hard
Athletic Lighting Renovations	100,000		100,000	Hard
Banneker Historical Park and Museum		400,000	400,000	Grant
Fire Museum of Maryland	100,000		100,000	Soft (U, all)
Irvine Nature Center		300,000	300,000	Soft (1,3)
Maryland Food Bank	150,000		150,000	Hard
Maryland State Fairgrounds		350,000	350,000	Hard
Mental Health Community Rehabilitation Center	150,000	150,000	300,000	Soft (3)

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Perry Hall Mansion		225,000	225,000	Hard; Hist. Ease.
Randallstown Community Center	750,000	250,000	1,000,000	Hard
Todd's Inheritance		275,000	275,000	Grant
Towson Roundabout Park		175,000	<u>175,000</u>	Hard
Subtotal			\$3,775,000	
Baltimore City				
Assisted Living on the Green	300,000	200,000	500,000	Hard
Baltimore Clayworks	150,000	50,000	200,000	Soft (2); Hist. Ease.
Baltimore Museum of Art	250,000		250,000	Hard, Hist. Ease.
Coppin State University Lutheran Site Demolition		250,000	250,000	Grant; Hist Ease.
Diakon Housing and Development	350,000		350,000	Hard
Dorothy M. Higgins Community Center		25,000	25,000	Soft (all)
Forest Park Senior Center		100,000	100,000	Soft (2); Hist. Ease.
Gaudenzia at Woodland Avenue	100,000		100,000	Soft (2)
Gay Street One/Madison Square		125,000	125,000	Soft (1,3)
Great Blacks in Wax Museum		350,000	350,000	Soft (all)
Hearing and Speech Agency	50,000	50,000	100,000	Soft (3)
Herring Run Watershed Center		100,000	100,000	Soft (all)
Historic E. Baltimore Comm. Action Coalition	300,000		300,000	Hard
Institute of Notre Dame		75,000	75,000	Soft (1) Hist. Ease.
L.A.M.B. Community Resource Center		125,000	125,000	Soft (all)
Legends Park		25,000	25,000	Hard
Library Square Revitalization	250,000		250,000	Soft (3); Hist. Ease.
Maryland Historical Society	250,000	250,000	500,000	Soft (3) Hist. Ease.
Morgan Christian Center		200,000	200,000	Soft (all)
Peale Museum	125,000	125,000	250,000	Hard; Hist. Ease.
Port Discovery	300,000		300,000	Hard; Hist. Ease.
Powerhouse	125,000	125,000	250,000	Soft (3) Hist. Ease.
Sandi's Learning Center	300,000		300,000	Soft (3)
School 33 Art Center	125,000		125,000	Soft (3); Hist. Ease.
Walters Art Museum	250,000		250,000	Soft (2) Hist. Ease.
Waxter Center for Senior Citizens		250,000	250,000	Soft (3)
Winchester Street Potter's House	125,000		125,000	Soft (1,3)

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Zion Christian Middle School		150,000	<u>150,000</u>	Soft (1,3)
Subtotal			\$5,925,000	
Calvert County				
Annmarie Garden		150,000	150,000	Hard
Friends of Jefferson Patterson Park & Museum		150,000	150,000	Grant
Volunteer Fire Dept. Training Ctr. at North Beach		200,000	<u>200,000</u>	Hard
Subtotal			\$500,000	
Caroline County				
Benedictine School	500,000		500,000	Soft (3)
Camp Todd		50,000	50,000	Soft (all)
Denton National Guard Armory		50,000	<u>50,000</u>	Hard Hist. Ease.
Subtotal			\$600,000	
Carroll County				
Danele Shipley Memorial Arena		150,000	150,000	Soft (3)
Friendship School		150,000	150,000	Soft (1,3)
Union Street Community Center	50,000		<u>50,000</u>	Soft (all)
Subtotal			\$350,000	
Cecil County				
Boys & Girls Club of Cecil County	150,000		150,000	Soft (1,2)
Ray of Hope Mission Center		100,000	<u>100,000</u>	Hard (U)
Subtotal			\$250,000	
Charles County				
Bel Alton High School Comm. Development Ctr.		450,000	450,000	Soft (3) Hist. Ease.
Black Box Theatre	55,000		55,000	Soft (3)
Charles County Veterans Memorial Museum	50,000		50,000	Soft (1,2)
Mattawoman Creek Art Center	15,000		15,000	Soft (2)
Potomac Heights Housing Complex	50,000		<u>50,000</u>	Grant
Subtotal			\$620,000	
Dorchester County				
Dorchester County Family YMCA	200,000	50,000	<u>250,000</u>	Soft (all)
Subtotal			\$250,000	

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Frederick County				
Alan P. Linton, Jr. Emergency Shelter Site		50,000	<u>50,000</u>	Soft (1)
Subtotal			\$50,000	
Garrett County				
Adventure Sports Center International	250,000		250,000	Hard
Maryland Salem Children's Trust, Inc.		100,000	<u>100,000</u>	Hard
Subtotal			\$350,000	
Harford County				
Citizens Care and Rehabilitation Center		100,000	<u>100,000</u>	Soft (2,3)
Subtotal			\$100,000	
Howard County				
Grassroots Crisis Intervention Center		450,000	450,000	Soft (all)
Living Farm Heritage Museum	150,000		150,000	Soft (all)
North Laurel Community Center	300,000		<u>300,000</u>	Hard
Subtotal			\$900,000	
Kent County				
Chesapeake Fields' Millington Project	100,000		<u>100,000</u>	Soft (2,3)
Subtotal			\$100,000	
Montgomery County				
Agriculture Activity Center Expansion		75,000	75,000	Hard
Blackrock Center for the Arts		50,000	50,000	Soft (1,3)
Blair Baseball Field Improvements	50,000		50,000	Soft (3)
Circle Manor		150,000	150,000	Soft (3) Hist. Ease.
Easter Seals Inter-Generational Center		450,000	450,000	Soft (1)
Gaithersburg Olde Towne Youth Center	150,000	150,000	300,000	Hard
Germantown Life Sciences Incubator		250,000	250,000	Hard
Glen Echo Park	100,000	375,000	475,000	Hard
Historic Takoma	125,000	85,000	210,000	Soft (all)
Jubilee Association of Maryland	75,000	75,000	150,000	Hard
King Farm Dairy MOOseum		150,000	150,000	Hard
Metropolitan Center for the Visual Arts		5,000	5,000	
Montgomery Village Foundation		250,000	250,000	Hard
Montrose Center for Children and Families	100,000	100,000	200,000	Hard

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Olney Boys and Girls Club Community Park	200,000	200,000	400,000	Soft (2, 3) Hist. Ease.
Olney Theatre Center Campus		250,000	250,000	Grant
Our House Youth Home	250,000	175,000	425,000	Hard Hist. Ease.
Poolesville Town Hall	150,000		150,000	Hard
Rockville Community Center	125,000	125,000	250,000	Hard
Sandy Spring Museum Library and Archives	125,000	75,000	200,000	Soft (2,3)
Strathmore Hall	300,000	250,000	550,000	Soft (3)
Takoma Park Community Learning Center	250,000	110,000	360,000	Soft (all)
Uncle Tom’s Cabin	50,000		50,000	Soft (all) Hist. Ease.
Wheaton Multi-Service Youth Facility	350,000		350,000	Hard
YMCA Bethesda – Chevy Chase	50,000	50,000	<u>100,000</u>	Hard
Subtotal			\$5,850,000	
Prince George’s County				
Accokeek Foundation		125,000	125,000	Hard
Bowie City Parks and Grounds Building		150,000	150,000	Hard
Business Development and Assistance Center		50,000	50,000	Soft (all)
CASA Multi-Cultural Service Center	300,000		300,000	Soft (2)
College Park City Hall	400,000		400,000	Hard
Colmar Manor Municipal Center	75,000		75,000	Hard
Concord Historic Site	100,000	150,000	250,000	Hard; Hist. Ease.
DeMatha Catholic High School Streetscape	75,000		75,000	Hard
Ebenezer Community Life Center		150,000	150,000	Soft (all)
Family Life & Wellness Intergenerational Center	100,000	150,000	250,000	Soft (all)
Forest Heights Municipal Building	150,000		150,000	Grant
Glenarden City Hall Renovation	150,000		150,000	Soft (U,2)
Grace Center for Community & Economic Devel.		120,000	120,000	Soft (all)
Hard Bargain Farm Environmental Center	225,000		225,000	Soft (all) Hist. Ease.
Henson Valley Montessori School	200,000		200,000	Hard
Historic Laurel Mill Ruins		50,000	50,000	Grant
Lake Arbor Foundation		50,000	50,000	Grant
Laurel Armory Anderson Murphy Comm. Ctr.	100,000		100,000	Soft (3) Hist. Ease.
Laurel Boys and Girls Club		50,000	50,000	Soft (1, 3) Hist. Ease.
Laurel Senior Center		150,000	150,000	Soft (1,2)

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
McGuire House Sr. Public Housing Development	450,000		450,000	Grant
Mt. Rainier Multi-Use Facility	150,000		150,000	Soft (1,2)
New Revival Center of Renewal	80,000	100,000	180,000	Hard
North Brentwood Town Hall & Recreation Facility	125,000		125,000	Hard
Ridgely Rosenwald School		120,000	120,000	Grant
Suitland Technology Ctr. – Office Support Zone	100,000		100,000	Soft (3)
University Community Partnership Center		240,000	240,000	Soft (all)
Walker Mill Day Care Center		100,000	100,000	Soft (1,2)
White Rose Foundation Service Center		375,000	375,000	Grant
YMCA Renaissance Square	200,000		<u>200,000</u>	Hard
Subtotal			\$5,110,000	
Queen Anne’s County				
Chesapeake Marine Trade School		100,000	100,000	Soft (2,3)
Subtotal			\$100,000	
Somerset County				
Agricultural and Civic Center		20,000	<u>20,000</u>	Hard
Subtotal			\$20,000	
St. Mary’s County				
Hospice House		125,000	125,000	Soft (1,2)
Sotterley Plantation	50,000		50,000	Soft (2) Hist. Ease.
St. Clement’s Island Lighthouse		125,000	125,000	Soft (2,3)
St. Mary’s College Amphitheater	250,000		<u>250,000</u>	Soft (1,3)
Subtotal			\$550,000	
Talbot County				
Chesapeake Bay Maritime Museum	150,000	50,000	<u>200,000</u>	Soft (1)
Subtotal			\$200,000	
Washington County				
Discovery Station at Hagerstown		50,000	50,000	Soft (2,3,U)
Hagerstown Police Athletic League Equipment		50,000	50,000	Hard (U)
Rural Heritage Transportation Museum		100,000	<u>100,000</u>	Hard
Subtotal			\$200,000	

<u>Project Title</u>	<u>House Funding</u>	<u>Senate Funding</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Wicomico County				
Community Foundation of the Eastern Shore	200,000		<u>200,000</u>	Hard
Subtotal			\$200,000	
Worcester County				
Delmarva Discovery Sta. on the Pocomoke River		150,000	150,000	Hard
Germantown School	150,000		150,000	Hard
Rackliffe House	150,000		<u>150,000</u>	Hard
Subtotal			\$450,000	
Statewide				
American Veterans Disabled for Life Memorial	250,000	250,000	500,000	Hard
Capital Area Food Bank	500,000		<u>500,000</u>	Soft (all)
Subtotal			\$1,000,000	
Total Senate and House Local Initiatives	\$15,000,000	\$15,000,000		

Match Key: 1=real property; 2=in kind contributions; 3=prior expenditure; U=unequal

Debt Affordability

As shown in **Exhibit 2.5**, the long-range plan adopted by the Capital Debt Affordability Committee (CDAC) in September 2005 provides for a total of over \$3.6 billion in authorizations from 2006 to 2011. This is an increase of \$270 million over the amount recommended by CDAC in September 2004 for the same five-year period. For the 2006 session, CDAC recommended \$690 million of GO bond authorizations to support the capital program. While general obligation debt totaling \$712.7 million is authorized in the Maryland Consolidated Capital Bond Loan of 2006 (MCCBL) **SB 370/Chapter 46**, this is offset by \$22.7 million in deauthorizations to previously authorized debt bringing the total amount of new debt authorized to \$690 million. This is consistent with the level of general obligation bond debt recommended by CDAC. Included in the \$690 million of net new debt is \$1.6 million authorized in the Southern Maryland Regional Strategy-Action Plan for Agriculture Loan of 2001 for the Tobacco Transition Program as amended by Chapter 46 and \$30 million for local legislative initiatives requested through the submission of individual bond bills.

Exhibit 2.5
**Capital Debt Affordability Committee Recommended Levels of General
 Obligation Bond Authorizations**
2006 – 2010 Legislative Sessions
 (\$ in Millions)

<u>Session</u>	<u>2004 Report Recommended Authorizations</u>	<u>2005 Report Recommended Authorizations</u>	<u>Increased Authorization</u>
2006	\$685	\$690	\$5
2007	700	710	10
2008	715	730	15
2009	630	745	115
2010	645	770	125
Total	\$3,375	\$3,645	\$270

Source: *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*, September 2004 and 2005

The General Assembly adopted several public debt management measures that increase the 2006 capital program and reduce out-year debt service costs. They include the following:

- The 2006 MCCBL includes the deauthorization of \$20.8 million in previously authorized debt that would require the issuance of taxable bonds. This includes \$2.5 million authorized for the Maryland Technology Development Corporation, \$5.0 million for

Maryland Department of the Environment Water Quality and Hazardous Substance Removal programs, \$7.9 million for the Department of Housing and Community Development (DHCD) Community Legacy Program debt, and \$5.4 million for the DHCD Rental Housing Program. Rather than incurring the additional debt service costs associated with the issuance of taxable bonds, the General Assembly reprogrammed PAYGO general funds in the fiscal 2007 operating budget to fund most of what was deauthorized.

- The 2006 MCCBL earmarks \$49.0 million of bond premiums collected by the State from the July 2005 and March 2006 sale of GO bonds for five Department of Public Safety and Correctional Services (DPSCS) projects originally intended to be funded with GO bonds. This measure essentially expands the capital program by allowing the DPSCS projects to be funded with PAYGO from the Annuity Bond Fund. The capital program also provides for the use of \$16 million of anticipated bond premiums from the July and, if necessary, the March 2007 bond sales to fund additional school construction projects.
- As an option to reducing the State property tax rate for fiscal 2007, the General Assembly included a provision in the 2006 MCCBL that required the issuance of \$75 million of one-year short-term debt that would require the payment of interest and principal by June 30, 2007. However, on April 19, 2006, the Board of Public Works in a two to one vote reduced the State property tax rate from \$0.132 to \$0.112 per \$100 of assessed value for fiscal 2007. The board's decision negated the short-term debt issuance provision which would have reduced the State's debt service costs by approximately \$30 million over 15 years.

Higher Education

The fiscal 2007 capital program for all segments of higher education is \$278.3 million, including general obligation bonds, academic revenue bonds, and general funds. Of the total funding, four-year public institutions receive \$213.7 million and independent colleges receive \$9 million. Community colleges receive \$55.6 million in fiscal 2007, the highest funding level in a single year for community colleges. The *Capital Improvement Program* (CIP), after legislative changes to the fiscal 2007 capital budget, shows \$101 billion in capital spending for higher education projects from fiscal 2007 through 2011. **Exhibit 2.6** shows the fiscal 2006 and 2007 legislative appropriations for higher education capital projects and the funds anticipated in the CIP for fiscal 2008 through 2011. **Exhibit 2.7** shows the fiscal 2007 capital funding by institution.

Exhibit 2.6
Higher Education Fiscal 2006 – 2011
Authorized and Planned Out-year Capital Funding
(\$ in Thousands)

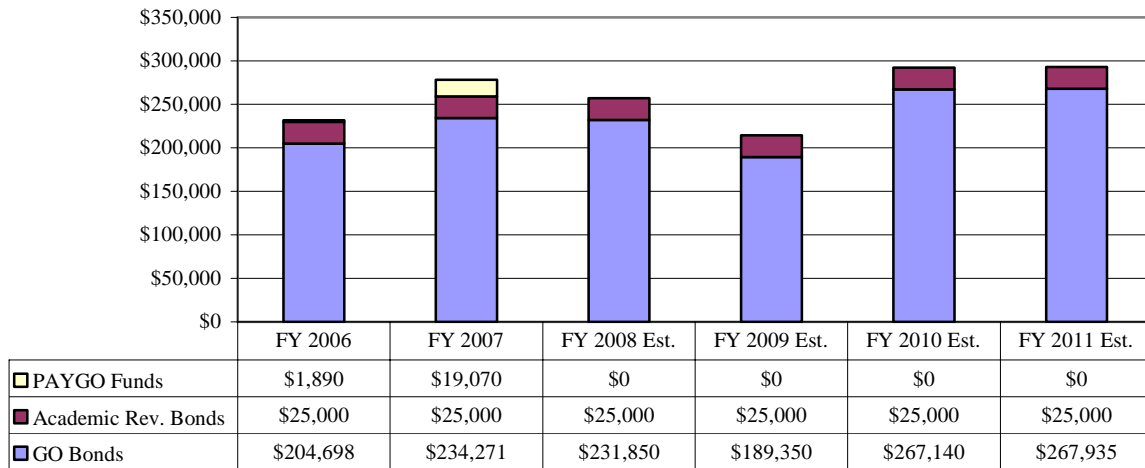


Exhibit 2.7
Higher Education Fiscal 2007 Capital Funding by Institution
(\$ in Thousands)

<u>Institution</u>	<u>Fiscal 2007 Capital Funding</u>
University of Maryland, Baltimore	\$9,200
University of Maryland, College Park	20,715
Bowie State University	2,725
Towson University	45,235
University of Maryland University College	13,815
Frostburg State University	4,900
Coppin State University	21,328
Salisbury University	51,289
University of Maryland Baltimore County	4,950
University of Maryland Center for Environmental Science	391
University System of Maryland – Facility Renewal	15,000
University System of Maryland – Shady Grove	1,000
St. Mary's College of Maryland	9,650
Community Colleges	55,588
Morgan State University	13,555
Independent Colleges	9,000
Total	\$278,341

Public School Construction Funding Remains a High Priority for the General Assembly

The capital budget contains \$322.7 million for public school construction in fiscal 2007, including \$43.4 million added to the Governor's proposal by the General Assembly. This is the highest level of funding for public school construction since the program began in 1971. The final fiscal 2007 budget increases school construction funding by \$68.9 million, a 27.2 percent increase over the fiscal 2006 level. Included in the \$322.7 million total are \$284.7 million in general obligation (GO) bonds (\$25.8 million added by the General Assembly), \$18.4 million in special fund PAYGO (\$2.4 million in Stadium Authority funds and \$16.0 million in bond premiums added by the General Assembly), and \$19.6 million in the contingency fund from unexpended amounts for projects budgeted in prior years. The capital budget bill details the distribution of the \$322.7 million in fiscal 2007 school construction funds. A total of \$644.4 million in projects that are ready to go (A or B) was requested by local jurisdictions, with the General Assembly funding on average 71 percent of those projects.

Transfer Tax

The property transfer tax is the primary funding source for State land conservation programs. The fiscal 2007 budget allocates the full amount of estimated transfer tax revenue to programs as required in statute, resulting in significant increase in State funding for land conservation programs. A total of \$358.0 million will be available for local and State land conservation projects, as shown in **Exhibit 2.8**. The fiscal 2007 legislative appropriation provides a \$238.6 million increase over fiscal 2006 in transfer tax revenue for land conservation programs.

Exhibit 2.8
Land Conservation and Property Transfer Tax

	Fiscal 2006 Legislative <u>Appropriation</u>	Fiscal 2007 Legislative <u>Appropriation</u>
Program Open Space (POS)	\$89,506,232	\$268,298,580
POS Local	44,753,116	134,149,290
POS State	44,753,116	134,149,290
Additional State Land Acquisition	1,204,341	3,610,094
Maryland Agricultural Land Preservation Program (MALPP)	20,534,015	61,552,106
Rural Legacy*	6,021,705	18,050,471
Heritage Conservation Fund	2,167,814	6,498,170
Total	\$119,434,107	\$358,009,421

Note: POS and MALPP receive funding from other sources (federal funds, agricultural transfer tax, and matching funds from local jurisdictions).

*The fiscal 2006 and 2007 legislative appropriations earmark \$8.0 million in State POS funds for the Rural Legacy Program.

Chapter Three – Impact of Legislation on State Revenues and Expenditures

- Legislation Affecting State Revenues
- Totals by Fund Type/Summary of Quantifiable Revenue Effects
- Legislation Affecting State Expenditures
- Expenditures by Agency
- Totals by Fund Type/Summary of Quantifiable Expenditure Effects
- Regular Positions Needed by Agency
- Contractual Positions Needed by Agency

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 2	Maryland Estate Tax (Ch. 225)						
	GF	(\$8,575,700)	(\$8,722,300)	(\$9,396,300)	(\$10,124,800)	(\$10,914,200)	
SB 22	Income Tax – Subtraction Modification – Military Retirement Income (Ch. 226)						
	GF	(\$14,318,077)	(\$10,238,492)	(\$10,878,241)	(\$11,507,871)	(\$12,105,675)	
SB 25/HB 1056	Family Law – Domestic Violence – Address Confidentiality Program (Ch. 375/374)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 47	Task Force to Convene a Summit on Civic Literacy in Maryland (Ch. 424)						
	SF	increase	\$0	\$0	\$0	\$0	Potential grant revenues.
SB 48	State Lottery – Prize Winners – Voluntary Assignments (Ch. 34)						
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.
SB 83	Higher Education – Auxiliary and Academic Facilities Bond Authority – Morgan State University (Ch. 230)						
	BOND	\$11,000,000	\$0	\$0	\$0	\$0	
SB 93	Income Tax – Electronic Filing and Payment (Ch. 36)						
	GF	\$397,682	(\$381,340)	(\$381,340)	(\$381,340)	(\$381,340)	
SB 94	Income Tax – Withholding – Annual Statements (Ch. 37)						
	GF	increase	increase	increase	increase	increase	Minimal income tax revenues.
SB 104	Commissioner of Labor and Industry – Elevator Safety (Ch. 39)						
	GF	(\$51,000)	(\$68,000)	(\$80,750)	(\$80,750)	(\$80,750)	

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 105	Campaign Finance Reporting – Enforcement of Late Fees (Ch. 66)						
	SF	\$1,262	\$1,262	\$1,262	\$1,262	\$1,262	
	SF	\$7,425	\$7,425	\$7,425	\$7,425	\$7,425	
SB 117	Department of Health and Mental Hygiene – Office of the Inspector General – Health Program Integrity and Recovery Act (Ch. 70)						
	GF	increase	increase	increase	increase	increase	Potential significant recovery of misspent funds.
SB 120	Motor Fuel – Gasoline Commingling by Brand or Grade – Prohibition (Ch. 236)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 123	Natural Resources – Tree Experts – Licensing (Ch. 115)						
	SF	increase	increase	increase	increase	increase	Net increase in application/renewal fee revenues.
SB 125	Falsifying and Altering Permits, Licenses, and Certificates – Criminal Penalties (Ch. 116)						
	SF	increase	increase	increase	increase	increase	Potential fine revenues.
SB 144	Maryland Stem Cell Research Act of 2006 (Ch. 19)						
	GF	increase	increase	increase	increase	increase	Potential fine revenues.
	SF	\$0	increase	increase	increase	increase	Potential significant increase in Stem Cell Fund from general funds.
SB 154/HB 189	Healthy Air Act (Ch. 23/301)						
	SF	\$0	\$0	increase	increase	increase	Significant proceeds from sale of emission allowances. SF expenditures increase by same amount.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 168	Vehicle Laws – Weight Violations on the Chesapeake Bay Bridge – Penalties (Ch. 24)						
	GF	\$49,348	\$66,455	\$67,120	\$67,791	\$68,469	
SB 184	Vehicle Laws – Historic Motor Vehicles – Registration (Ch. 123)						
	SF	(\$1,341)	(\$2,683)	(\$69,732)	(\$136,808)	(\$136,808)	
SB 227/HB 308	Sales and Use Tax – Exemption – Veterans’ Organizations (Ch. 217/218)						
	GF	(\$393,500)	(\$393,500)	(\$393,500)	\$0	\$0	
SB 228/HB 310	Drunk and Drugged Driving – Young Drivers – License Suspension (Ch. 219/220)						
	GF	increase	increase	increase	increase	increase	Potential minimal hearing fee revenues.
SB 230/HB 322	Higher Education – Nurse Support Program Assistance Fund – Hospital Rates (Ch. 221/222)						
	SF	\$16,125,980	\$10,345,453	\$11,224,817	\$12,178,926	\$13,214,135	\$5,600,000 assumed in FY 2007 budget. SF expenditures increase by same amount.
SB 236	Health – Advance Directives – Registry – Drivers’ Licenses and Identification Cards (Ch. 223)						
	GF	\$0	\$10,000	\$15,000	\$20,000	\$25,000	
SB 313	Community Colleges – Baltimore City Community College – Governance (Ch. 244)						
	HE	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	HE expenditures increase by same amount.
SB 314	Maryland Clean Energy Incentive Act of 2006 (Ch. 129)						
	GF	\$0	(\$1,047,200)	(\$1,999,200)	(\$2,475,200)	(\$2,951,200)	
	SF	\$0	(\$52,800)	(\$100,800)	(\$124,800)	(\$148,800)	

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 328	Vehicle Laws – Motor Vehicles Operated Exclusively on Islands – Registration (Ch. 245)						
	SF	indet.	indet.	indet.	indet.	indet.	Potential minimal decrease/increase in vehicle registration fees.
SB 335/HB 487	Tax Credit for Maryland-Mined Coal (Ch. 247/248)						
	GF	\$0	\$7,349,346	\$7,650,662	\$7,947,581	\$8,123,216	
SB 354	Uniform Commercial Code – Secured Transactions – Continuation Statement – Transition Rules (Ch. 521)						
	GF/SF	\$0	\$0	\$0	\$0	\$0	Minimal filing fee revenues in FY 2006 only.
SB 371	State Board of Pharmacy – Registration of Pharmacy Technicians (Ch. 523)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
	SF	\$87,500	\$14,000	\$101,500	\$24,500	\$112,000	
SB 405	State Board of Nursing – Electrologists – License Renewal and Discipline (Ch. 49)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 456	Vehicle Laws – Special Dealer Registration Plates – Authorized Uses (Ch. 133)						
	SF	increase	increase	increase	increase	increase	Potential minimal registration fees.
SB 585	Unemployment Insurance – Special Administrative Expense Fund (Ch. 527)						
	GF	decrease	decrease	decrease	decrease	decrease	Significant decrease in GF reversions from SAEF.
SB 753	Rural Broadband Communication Services (Ch. 269)						
	SF	increase	increase	increase	increase	increase	Potential property tax revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 766	Hunting – Exemptions from License and Stamp Requirement (Ch. 271)						
	FF	\$0	\$0	indet.	indet.	indet.	Potential minimal increase/decrease in federal fund revenues.
	SF	indet.	indet.	indet.	indet.	indet.	Potential minimal increase/decrease in license/stamp fee revenues.
SB 810	Residential Child Care Programs – Corporate Responsibility and Governance (Ch. 275)						
	GF	increase	increase	increase	increase	increase	Potential significant fine revenues.
SB 812	Alcoholic Beverages – Limited Wine Wholesaler’s License and Nonresident Winery Permit (Ch. 111)						
	GF	increase	increase	increase	increase	increase	Potential minimal license and permit fee revenues and excise and sales tax revenues.
SB 846	Vehicle Laws – Bicycles and Motor Scooters – Operation and Equipment (Ch. 542)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential minimal fine revenues.
SB 959/HB 1381	Higher Education – Tuition Affordability Act of 2006 (Ch. 57/58)						
	HE	(\$823,257)	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
	HE	(\$377,418)	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
	HE	(\$18,898,865)	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
SB 965/HB 666	Department of Natural Resources – Vessels – Reckless Operation – Subsequent Offenders (Ch. 147/148)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 2	Agricultural Stewardship Act of 2006 (Ch. 289)						
	SF	\$0	\$0	increase	increase	increase	Potential agricultural land transfer tax revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 11	Crimes – Inflicting Unnecessary Suffering or Pain on Animals – Prohibition (Ch. 448)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 51	Motor Vehicle Excise Tax – Trailers (Ch. 152)						
	SF	(\$149,718)	(\$203,616)	(\$207,688)	(\$211,842)	(\$216,079)	
HB 58	Department of Health and Mental Hygiene – Racial and Ethnic Variations – Health Care Disparities Policy Report Card (Ch. 450)						
	SF	\$120,000	\$75,000	\$75,000	\$75,000	\$75,000	SF expenditures increase by same amount.
HB 60	Crimes – Visual Surveillance of Private Area of an Individual (Ch. 292)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 103	State Board of Public Accountancy Fund (Ch. 156)						
	GF	\$0	(\$465,000)	(\$465,000)	(\$465,000)	(\$465,000)	Associated \$482,425 GF expenditure decrease.
	SF	\$0	\$465,000	\$523,125	\$523,125	\$588,516	Corresponding SF expenditure increase.
HB 114	Property Tax – Exemption – Surviving Spouse of a Veteran (Ch. 296)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential significant decrease in Annuity Bond Fund revenues.
HB 119	Garrett County – Paper Gaming and Bingo – Regulation (Ch. 297)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 168	Children’s Trust Fund (Ch. 80)						
	SF	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$35,000 included in FY 2007 budget.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 189/SB 154	See entry for SB 154.						
HB 191	Workers' Compensation – Governmental Self-Insurance Group and Self-Insurance by Individual Employers (Ch. 163)						
	SF	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	
HB 214	Assault Against a Law Enforcement Officer – Correctional Officer (Ch. 305)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 245	Insurance – Prior Approval Rating Law – Exempt Commercial Policyholders (Ch. 564)						
	SF	decrease	decrease	decrease	decrease	decrease	Minimal reduction in filing fee revenues.
HB 246	Insurance – Temporary Insurance Producer Licenses – Specified Types of Insurance (Ch. 83)						
	SF	indet.	indet.	indet.	indet.	indet.	Minimal increase/decrease in licensing fee revenues.
HB 247	Financial Institutions – Consumer Credit – Licensee Examinations (Ch. 84)						
	SF	\$41,250	\$55,550	\$56,106	\$56,667	\$57,233	SF expenditures increase by same amount.
HB 250	State Board of Barbers and State Board of Cosmetologists – Reinstatement of Expired Permits (Ch. 306)						
	GF	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	
HB 257	State Treasurer – Authorized Investments – Commercial Paper (Ch. 565)						
	GF	\$94,307	\$125,743	\$125,743	\$125,743	\$125,743	
HB 272	Child Support Enforcement – Affidavit of Support (Ch. 307)						
	SF	increase	increase	increase	increase	increase	Minimal child support collection revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 275	Homestead Tax Credit – Eligibility – Razed Property and Substantially Improved Property (Ch. 169)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal decrease in Annuity Bond Fund revenues.
HB 285	Homeowner’s Insurance – Underwriting, Premium Increases, Cancellation, and Refusal to Renew (Ch. 454)						
	GF	increase	increase	increase	increase	increase	Minimal premium tax revenues.
	SF	increase	\$0	\$0	\$0	\$0	Minimal filing fee revenues.
HB 308/SB 227	See entry for SB 227.						
HB 310/SB 228	See entry for SB 228.						
HB 322/SB 230	See entry for SB 230.						
HB 334	Family Law – Adoption Search, Contact, and Reunion Services – Relatives and Members of the Adoptive Family (Ch. 312)						
	GF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 353	Teachers and School Administrators – Sexual Contact with Students – Prohibition (Ch. 317)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 354	Property Tax – Credit for Repaired or Reconstructed Dwelling (Ch. 89)						
	SF	\$0	\$0	(\$21,276)	(\$21,276)	(\$21,276)	
HB 367	Family Law – Unregistered Family Day Care Homes and Unlicensed Child Care Centers – Penalties (Ch. 320)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 399	Business and Economic Development – Enterprise Zones – Expansion (Ch. 173)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential decrease in corporate income taxes.
	SF	decrease	decrease	decrease	decrease	decrease	Potential decrease in corporate income taxes.
HB 448	Revenue Collection – Offsets (Ch. 577)						
	GF/SF	increase	increase	increase	increase	increase	Potential significant income tax revenues.
HB 453	Child Support – Settlement of Arrearages – Best Interest of the Child (Ch. 326)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in child support collection revenues.
HB 460	Maryland Agricultural Land Preservation Foundation – Restrictions of Released Lots (Ch. 174)						
	SF	increase	increase	increase	increase	increase	Potential minimal reimbursement revenues.
HB 487/SB 335	See entry for SB 335.						
HB 495	Agriculture – Improper Transport of Horses – Prohibitions (Ch. 176)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 525	Vehicle Laws – Administrative Per Se Offenses – High Alcohol Concentration or Test Refusal – Ignition Interlock System – Suspension Modifications and Restrictive Licenses (Ch. 461)						
	SF	\$142,500	\$285,000	\$285,000	\$285,000	\$285,000	

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 556	Correctional Services – Maryland Correctional Enterprises – Open Market Sales – Food Service (Ch. 332)						
	SF	increase	increase	increase	increase	increase	Potential wage revenues for the Maryland Correctional Enterprises revolving fund.
HB 606	Baltimore County Historical Trust – Distribution of Marriage Ceremony Fee (Ch. 582)						
	GF	(\$14,025)	(\$18,700)	(\$18,700)	(\$18,700)	(\$18,700)	Local revenues increase by same amount.
HB 616	Vehicle Law – Recording Illegal Activity (Ch. 335)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 654	Family Law – Child Support – Settlement of Arrearages (Ch. 337)						
	SF	increase	increase	increase	increase	increase	Potential minimal child support collection revenues.
HB 666/SB 965	See entry for SB 965.						
HB 699	Agriculture – Preservation of Historic Structures (Ch. 187)						
	SF	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	Corresponding increase in GF expenditures; offsetting increase in SF expenditures.
HB 704	Criminal Law – Prohibition Against Wild Animals (Ch. 468)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 707	Crimes – Obscene Video Games – Prohibition on Sale, Display, or Rental to Minor (Ch. 346)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 720	Office of Cemetery Oversight – Investigative and Enforcement Power – Entities Without Registrations or Permits (Ch. 348)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 724	Property Tax Assessment – Agricultural Use Property – Elderly or Disabled Property Owner (Ch. 98)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal decrease in Annuity Bond Fund revenues.
HB 731	Washington County – Tax Credit for Businesses That Create New Jobs (Ch. 191)						
	GF	\$0	decrease	decrease	decrease	decrease	Potential decrease in tax revenues.
HB 739	Insurance – Improper Premiums and Charges – Bail Bonds – Penalty (Ch. 349)						
	GF	increase	increase	increase	increase	increase	Potential minimal penalty revenues.
HB 760	Insurance – Private Passenger Motor Vehicle Liability Insurance – Cancellations, Failures to Renew, Reductions in Coverage, and Premium Increases (Ch. 350)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal filing fee revenues.
HB 769	Maryland Agricultural Land Preservation Foundation – Easements – Program Requirements (Ch. 192)						
	SF	increase	increase	increase	increase	increase	Potential significant local matching funds. FY 2007 budget assumes \$5 million increase. SF expenditures increase by same amount.
HB 833	Surety Insurance – Failure to Pay Bail Bond Judgment – Penalties (Ch. 586)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
	SF	increase	increase	increase	increase	increase	Potential minimal reinstatement fee revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 850	Crimes – Burial, Memorial Service, Funeral, or Funeral Procession (Ch. 357)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 859	Tax Procedure – Refunds – Interest Rate (Ch. 587)						
	GF	(\$320,600)	(\$278,300)	(\$252,400)	(\$238,400)	(\$235,200)	
HB 861	Insurance – Regulation of Premium Finance Companies (Ch. 194)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
	SF	increase	increase	increase	increase	increase	Potential minimal registration revenues.
HB 881	Maryland Food Center Authority – Technical Changes (Ch. 588)						
	NB	increase	increase	increase	increase	increase	Potential increase in revenue bonds issued. Nonbudgeted expenditures increase by same amount.
HB 883	Procurement – Percentage Price Preference – Locally Grown Foods (Ch. 360)						
	GF/SF	increase	increase	increase	increase	increase	Potential 5% increase in food contract expenditures.
HB 888	Vehicle Laws – Baltimore County Alleys – Maximum Speed Limit (Ch. 589)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 951	Sales and Use Tax – Bulk Vending Machines (Ch. 197)						
	GF	(\$42,800)	(\$42,800)	(\$42,800)	(\$42,800)	(\$42,800)	
HB 955	State Board of Professional Counselors and Therapists – Licenses and Certificates – Reciprocity (Ch. 364)						
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 957	Maryland Polysomnography Act (Ch. 595)						
	SF	\$0	\$30,000	\$3,000	\$36,000	\$3,000	
HB 994	Income Tax – U.S. Government Employees’ Foreign Earned Income (Ch. 368)						
	GF	\$0	(\$855,409)	(\$861,779)	(\$868,199)	\$0	
HB 1006	Real Property – Condominium Conversions – Income Eligibility for Extended Leases – Purchase of Rental Facility by Local Government or Housing Agency (Ch. 370)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in property tax revenues.
HB 1024	Jury Selection and Service (Ch. 372)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1035	Uninsured Employers’ Fund – Liability of Corporate Officers and Limited Liability Company Members (Ch. 601)						
	SF	increase	increase	increase	increase	increase	Potential increase in recovered UEF funds.
HB 1036	Assisted Living Programs – Prohibited Acts, Penalties, and Quality Account (Ch. 478)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine and fee revenues.
	SF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1056/SB 25	See entry for SB 25.						
HB 1083	Corporations and Associations – Filing Fees – Family Farms (Ch. 199)						
	GF	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1107	Real Estate Licenses – Reciprocity (Ch. 200)						
	SF	increase	increase	increase	increase	increase	Minimal license fee revenues.
HB 1145	State Board of Dietetic Practice – Licensing Provisions – Changes (Ch. 382)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
	SF	increase	increase	increase	increase	increase	Potential minimal fee revenues.
HB 1149	State Board of Nursing – Electrologists – License Renewal and Discipline (Ch. 482)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1175	Crimes – Knowing Sale or Issuance of False Identification Card or Document – Penalties (Ch. 486)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1200	High Schools – Automated External Defibrillators Program – Requirements (Ch. 203)						
	SF	\$400	\$0	\$0	\$400	\$0	
HB 1215	Baltimore City Public School System (Ch. 59)						
	FF	decrease	\$0	\$0	\$0	\$0	Potential reduction in school aid.
HB 1223	Sales and Use Tax – Production Activity – Taxable Laundering Services (Ch. 385)						
	GF	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	
HB 1238	Environment – Newspapers – Recycled Content Percentage Requirement (Ch. 487)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal decrease in newsprint recycling incentive fee revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1248	Tax – Filing Requirements for Employer Withholding Tax Returns (Ch. 613)						
	GF	decrease	decrease	decrease	decrease	decrease	Minimal reduction in interest earnings.
HB 1275	Property Tax – Assessment of Conservation Property (Ch. 489)						
	SF	(\$28,504)	(\$30,699)	(\$32,592)	(\$34,422)	(\$36,785)	
HB 1288	Credit Regulation – Loans Secured by Real Property – Insurance Coverage Requirements (Ch. 615)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal filing fee revenues.
HB 1301	Telephone Privacy Act of 2006 (Ch. 491)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1318	Health Occupations – State Board of Nursing – Criminal History Records Checks (Ch. 390)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in fee revenues.
HB 1342	Long-Term Care Planning Act of 2006 (Ch. 492)						
	SF	\$175,000	\$0	\$0	\$0	\$0	SF expenditures increase by same amount.
HB 1381/SB 959	See entry for SB 959.						
HB 1391	Tax Credits for Individuals Facing Employment Barriers (Ch. 394)						
	GF	(\$372,267)	(\$622,013)	(\$335,462)	(\$335,462)	(\$335,462)	
	SF	(\$82,270)	(\$119,412)	(\$45,745)	(\$45,745)	(\$45,745)	
HB 1405	Health Insurance – Coverage for Part-Time Students With Disabilities (Ch. 395)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal rate and form filing fee revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1431	Linked Deposit Program – State Depository Financial Institutions – Loans to Minority Business Enterprises (Ch. 396)						
	GF	decrease	decrease	decrease	decrease	decrease	\$1-15 million decrease in investment returns over next 15 years.
HB 1432	Education – Residential Boarding Education Programs – At-Risk Youth (Ch. 397)						
	SF	\$0	\$0	\$821,000	\$1,533,657	\$2,107,000	SF expenditures increase by same amount.
HB 1450	Environment – Reducing Lead Risk in Housing – Penalties (Ch. 398)						
	SF	increase	increase	increase	increase	increase	Potential significant fine revenues.
HB 1467	Maryland Cares (Ch. 400)						
	GF	\$1,636,750	\$0	\$0	\$0	\$0	GF expenditures increase by same amount.
HB 1487	Rural Maryland Prosperity Investment Fund (Ch. 621)						
	SF	\$0	\$500,000	\$500,000	\$500,000	\$500,000	SF expenditures increase by same amount.
HB 1562	Telephone Companies – Telephone Lifeline Service (Ch. 405)						
	GF	\$14,695	(\$10,071)	(\$30,289)	(\$50,507)	(\$50,507)	
HB 1583	Allegany County and Garrett County – Vehicle Laws – Exceptional Hauling Permits – Forestry Products (Ch. 409)						
	GF	decrease	decrease	decrease	decrease	\$0	Potential minimal decrease in fine revenues.
	SF	\$106,000	\$106,000	\$106,000	\$106,000	\$0	
HB 1612	Allegany County – Micro-Breweries – Retail Off-Sale Privileges (Ch. 209)						
	GF	increase	increase	increase	increase	increase	Potential minimal license fee revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1624	Sales and Use Tax – Exemption for Sales by Religious and Nonprofit Organizations (Ch. 210)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential significant decrease in sales tax revenues.
HB 1642	Business Occupations and Professions – Stationary Engineers – Qualifications (Ch. 631)						
	GF	\$12,750	\$0	\$12,113	\$0	\$11,507	
HB 1655	Washington County Health Officer – Civil Citations (Ch. 414)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in fine revenues.
HB 1666	Academic Facilities Bonding Authority (Ch. 415)						
	BOND	\$0	\$4,000,000	\$0	\$0	\$0	
	BOND	\$25,000,000	\$0	\$0	\$0	\$0	Assumed in FY 2007 budget.
HB 1668	State Police Helicopter Replacement Fund and Volunteer Company Assistance Fund – Moving Violations – Surcharges (Ch. 416)						
	SF	\$1,191,980	\$1,589,306	\$1,589,306	\$1,589,306	\$1,589,306	VCAF
	SF	\$1,191,980	\$1,589,306	\$1,589,306	\$1,589,306	\$1,589,306	SPHRF
HB 1701	Maryland AIDS Drug Assistance Program – Rebates – Special Fund (Ch. 503)						
	SF	\$11,345,194	\$12,910,830	\$14,692,525	\$16,720,093	\$19,027,466	
<hr/> Special Session <hr/>							
SB 1	Public Service Commission – Electric Industry Restructuring (Ch. 5)						
	SF	\$9,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	

Totals by Fund Type/Summary of Quantifiable Revenue Effects

<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
GF	(\$22,137,437)	(\$15,946,581)	(\$17,620,123)	(\$18,782,914)	(\$19,581,899)
SF	\$39,730,638	\$31,020,922	\$34,553,539	\$38,107,774	\$42,007,156
FF	\$0	\$0	\$0	\$0	\$0
BOND	\$36,000,000	\$4,000,000	\$0	\$0	\$0

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 25/HB 1056	Family Law – Domestic Violence – Address Confidentiality Program (Ch. 375/374)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 34	State Employees – Military Administrative Leave (Ch. 227)							
	FF	All or Multiple Agencies	\$200,928	increase	increase	increase	increase	Included in FY 2007 budget.
	GF	All or Multiple Agencies	\$602,784	increase	increase	increase	increase	Included in FY 2007 budget.
	SF	All or Multiple Agencies	\$200,928	increase	increase	increase	increase	Included in FY 2007 budget.
SB 47	Task Force to Convene a Summit on Civic Literacy in Maryland (Ch. 424)							
	GF	Univ. Sys. of MD.	increase	\$0	\$0	\$0	\$0	Potential contract costs.
SB 48	State Lottery – Prize Winners – Voluntary Assignments (Ch. 34)							
	SF	Lottery Agency	\$26,430	\$0	\$0	\$0	\$0	
SB 52	Maryland Transportation Authority – Membership (Ch. 1 of 2006 Special Session)							
	NB	Transportation	\$12,778	\$29,212	\$29,268	\$29,326	\$29,384	
SB 54	State-Owned Vehicles – State Fleet Biodiesel Fuel Usage Act of 2006 (Ch. 425)							
	GF	All or Multiple Agencies	\$0	\$3,712	\$12,992	\$22,272	\$22,272	
	SF	All or Multiple Agencies	\$0	\$42,688	\$149,408	\$256,128	\$256,128	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 83	Higher Education – Auxiliary and Academic Facilities Bond Authority – Morgan State University (Ch. 230)							
	BOND	Morgan St. Univ.	\$11,000,000	\$0	\$0	\$0	\$0	
	HE	Morgan St. Univ.	\$0	\$882,668	\$882,668	\$882,668	\$882,668	
SB 93	Income Tax – Electronic Filing and Payment (Ch. 36)							
	GF	Comptroller	(\$90,870)	(\$93,469)	(\$95,936)	(\$98,172)	(\$100,381)	
SB 94	Income Tax – Withholding – Annual Statements (Ch. 37)							
	GF	Comptroller	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in tax processing expenditures.
SB 102	Health Care Facilities and Laboratories – Accreditation Organizations and Deeming (Ch. 232)							
	GF	Hlth. & Mental Hyg.	\$118,851	\$135,689	\$142,961	\$150,730	\$159,037	
SB 109	State Government – Forms Management – Extension of Implementation Date for School Data (Ch. 234)							
	GF	Education	\$0	increase	\$0	\$0	\$0	Significant computer reprogramming and staff training costs. Offset by decrease in FY 2006.
SB 111	Education – Nonpublic School Employees – Criminal Convictions (Ch. 235)							
	GF	Education	\$123,174	\$116,944	\$123,785	\$131,106	\$138,950	
SB 112	Campaign Finance Entities – Organization and Reporting (Ch. 510)							
	GF	Election Board, State	\$85,000	\$0	\$0	\$0	\$86,762	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 120	Motor Fuel – Gasoline Commingling by Brand or Grade – Prohibition (Ch. 236)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 125	Falsifying and Altering Permits, Licenses, and Certificates – Criminal Penalties (Ch. 116)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 144	Maryland Stem Cell Research Act of 2006 (Ch. 19)							
	GF	Bus. & Econ. Dvlpmt.	\$0	increase	increase	increase	increase	Corresponding Stem Cell Fund revenue increase.
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
	SF	Bus. & Econ. Dvlpmt.	\$0	increase	increase	increase	increase	Corresponding Stem Cell Fund revenues.
SB 154/HB 189	Healthy Air Act (Ch. 23/301)							
	GF	Environment	\$284,924	\$225,733	\$80,811	\$85,232	\$89,947	Significant costs for consumer benefit/strategic energy programs. SF revenues increase by same amount.
	SF	All or Multiple Agencies	\$0	\$0	increase	increase	increase	
	SF	Natural Resources	\$0	\$25,000	\$25,000	\$25,000	\$25,000	
SB 184	Vehicle Laws – Historic Motor Vehicles – Registration (Ch. 123)							
	SF	Transportation	increase	\$0	\$0	\$0	\$0	Potential computer reprogramming costs.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 197	Department of Health and Mental Hygiene – Umbilical Cord Blood Donation – Educational Materials (Ch. 240)							
	GF	Hlth. & Mental Hyg.	\$47,060	\$19,453	\$19,647	\$19,844	\$20,042	
SB 228/HB 310	Drunk and Drugged Driving – Young Drivers – License Suspension (Ch. 219/220)							
	SF	Transportation	increase	increase	increase	increase	increase	Potential minimal administrative hearing and computer programming costs.
SB 230/HB 322	Higher Education – Nurse Support Program Assistance Fund – Hospital Rates (Ch. 221/222)							
	SF	Higher Ed. Comm.	\$16,125,980	\$10,345,453	\$11,224,817	\$12,178,926	\$13,214,135	\$5,600,000 included in FY 2007 budget. SF revenues increase by same amount.
SB 236	Health – Advance Directives – Registry – Drivers’ Licenses and Identification Cards (Ch. 223)							
	GF	Hlth. & Mental Hyg.	\$0	\$321,340	\$197,958	\$205,360	\$213,253	
	SF	Transportation	\$0	\$185,884	\$8,462	\$8,546	\$8,632	
SB 238	State Department of Education – Comprehensive Induction Programs – Guidelines (Ch. 241)							
	GF	Education	\$68,220	\$39,246	\$41,378	\$43,651	\$46,073	
SB 243	General Assembly – Office of Legislative Audits – Authorized Representatives and Authorized Work (Ch. 512)							
	GF	Budget & Mgt.	\$352,977	\$426,697	\$451,126	\$477,258	\$505,236	\$508,432 included in FY 2007 budget.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 267	State Buildings Energy Efficiency and Conservation Act (Ch. 427)							
	GF	Energy Administration	\$65,700	\$85,463	\$0	\$0	\$0	
	GF	Gen. Services	\$51,083	\$66,405	\$0	\$0	\$0	
SB 301	Baltimore County – Sheriff – Salary Increase (Ch. 517)							
	GF	Payments to Civil Divisions	\$0	\$0	\$342	\$683	\$1,025	
SB 313	Community Colleges – Baltimore City Community College – Governance (Ch. 244)							
	HE	Baltimore City Community College	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	HE revenues increase by same amount.
SB 336/HB 342	Department of Health and Mental Hygiene – Disease Prevention – Hepatitis C Virus (Ch. 249/457)							
	GF	Hlth. & Mental Hyg.	\$775,646	\$718,463	\$740,452	\$381,671	\$0	
SB 348	State Personnel – Collective Bargaining – Revisions (Ch. 62)							
	GF	Budget & Mgt.	\$129,696	(\$107,378)	(\$112,685)	(\$118,237)	(\$124,044)	
	GF	State Labor Relations Board	\$110,304	\$115,378	\$120,685	\$126,237	\$132,044	
SB 366	Transportation – Passenger Railroad Service Lines – Closure of MARC Train Stations (Ch. 18)							
	SF	Transportation	\$239,041	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 371	State Board of Pharmacy – Registration of Pharmacy Technicians (Ch. 523)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
	SF	Hlth. & Mental Hyg.	\$41,694	\$50,119	\$53,095	\$56,291	\$59,725	\$72,644 included in FY 2007 budget.
SB 382	Property Tax – Homeowners’ Property Tax Credit and Renters’ Property Tax Relief (Ch. 27)							
	GF	Assessments & Tax.	\$18,148,599	\$18,420,827	\$18,697,140	\$18,977,597	\$19,262,261	\$16.7 million assumed in FY 2007 budget.
SB 388	Public Safety Employees Killed in Performance of Duties – Death Benefits (Ch. 250)							
	GF	Public Sfty & Corr. Srvcs.	\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	Included in FY 2007 budget.
SB 430	State Employees and Retirees – State Prescription Drug Benefit Plan – Co-Payments (Ch. 28)							
	GF/SF/FF	All or Multiple Agencies	decrease	\$0	\$0	\$0	\$0	Potential significant reduction of State health plan expenditures.
SB 431	Blue Ribbon Commission to Study Retiree Health Care Funding Options (Ch. 433)							
	GF	Budget & Mgt.	\$375,000	\$375,000	\$0	\$0	\$0	
SB 432	Primary and Secondary Education – School Facilities – Aging Schools Program – Grant Calculation (Ch. 252)							
	GF	School Construction	\$0	\$374,362	\$681,648	\$973,407	\$1,237,710	
SB 444	Higher Education – Morgan State University and St. Mary’s College of Maryland – Authority (Ch. 255)							
	HE	St. Mary’s College	\$0	\$0	\$70,416	\$74,393	\$78,646	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 447	Department of Health and Mental Hygiene – Developmental Disabilities and Mental Health Services – Cost-of-Living Adjustment (Ch. 256)							
	FF	Hlth. & Mental Hyg.	\$0	\$10,136,425	\$20,579,001	\$31,337,465	\$42,421,876	
	GF	Hlth. & Mental Hyg.	\$0	\$15,009,616	\$30,466,292	\$46,384,056	\$62,777,401	
SB 458	Teacher Quality Act of 2006 (Ch. 434)							
	GF	Education	\$68,220	\$459,246	\$461,378	\$463,651	\$146,073	
SB 468	Criminal Law – Credit Card Crimes – Use of Affidavit by Credit Cardholder in Criminal Case or Juvenile Proceeding (Ch. 257)							
	GF	Judiciary	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction for contested case hearings.
SB 509	Criminal Law – Crimes of Violence – Child Abuse (Ch. 261)							
	GF	Public Sfty & Corr. Srvcs.	\$0	\$0	increase	increase	increase	Minimal incarceration costs.
SB 575	Community Colleges – Cade Funding Formula – Grants for English for Speakers of Other Languages Programs (Ch. 262)							
	GF	Higher Ed. Comm.	\$546,876	\$642,952	\$814,041	\$985,128	\$1,156,207	
SB 585	Unemployment Insurance – Special Administrative Expense Fund (Ch. 527)							
	SF	Labor Lic. & Reg.	increase	increase	increase	increase	increase	Significant SAEF expenditures from expanded uses.
SB 600	Education – Audiologists and Speech-Language Pathologists – Licensing Fee Reimbursement (Ch. 436)							
	GF	Education	\$10,540	\$11,135	\$11,827	\$12,572	\$13,374	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 642	State Aid for Police Protection – Supplemental Grants (Ch. 265)							
	GF	State Police	\$0	\$83,297	\$83,297	\$83,297	\$83,297	
SB 748	Psychiatric Residential Treatment Demonstration Waiver Application (Ch. 438)							
	FF	Hlth. & Mental Hyg.	\$0	\$5,432,670	\$5,431,964	\$5,433,811	\$5,435,788	Assumes waiver approval.
	GF	Hlth. & Mental Hyg.	\$0	\$5,432,670	\$5,431,964	\$5,433,811	\$5,435,789	Assumes waiver approval.
SB 753	Rural Broadband Communication Services (Ch. 269)							
	GF	All or Multiple Agencies	\$0	\$2,000,000	\$2,000,000	\$0	\$0	
	GF	Bus. & Econ. Dvlpmt.	\$0	\$2,000,000	\$2,000,000	\$0	\$0	
SB 754	Caregivers – Voluntary Tax Withholding (Ch. 536)							
	FF	All or Multiple Agencies	\$149,600	\$302,192	\$305,214	\$308,266	\$311,349	
	GF	Hlth. & Mental Hyg.	\$149,600	\$302,192	\$305,214	\$308,266	\$311,349	
SB 765	Workers’ Compensation – Presumptions – Lyme Disease (Ch. 270)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential minimal workers’ compensation expenditures.
SB 771/HB 1330	Maryland Medicaid Advisory Committee – Membership, Staffing, and Reimbursement (Ch. 439/440)							
	GF/FF	Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential minimal administrative costs.
SB 772	Mercury-Added Products – Prohibition of Sale of Thermostats and Report (Ch. 56)							
	GF	Environment	\$0	\$5,000	\$5,000	\$5,000	\$5,000	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 792/HB 799	Child Welfare Accountability Act of 2006 (Ch. 31/475)							
	GF	Budget & Mgt.	\$141,012	\$134,525	\$142,054	\$150,095	\$158,689	
	GF	Human Resources	\$693,195	\$1,014,369	\$1,026,849	\$1,039,684	\$1,052,895	
SB 810	Residential Child Care Programs – Corporate Responsibility and Governance (Ch. 275)							
	GF	All or Multiple Agencies	increase	\$0	\$0	\$0	\$0	Potential minimal cost to develop a training curriculum.
SB 811	Residential Child Care Capital Grant Program (Ch. 441)							
	BOND	Executive Department	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	
	GF	Executive Department	\$51,338	\$63,532	\$67,125	\$70,966	\$75,075	
SB 812	Alcoholic Beverages – Limited Wine Wholesaler’s License and Nonresident Winery Permit (Ch. 111)							
	GF	Comptroller	increase	increase	increase	increase	increase	Potential enforcement and auditing costs.
SB 824	Maryland Commission for Men’s Health (Ch. 442)							
	GF	Hlth. & Mental Hyg.	\$49,556	\$60,183	\$60,785	\$61,393	\$15,502	
SB 848	Education – Educational Technology Pilot Program – Elementary Schools (Ch. 276)							
	GF	Education	\$69,623	\$1,303,875	\$730,990	\$738,600	\$746,743	
SB 850	Transportation Funding – Mass Transit – Funding Study (Ch. 443)							
	SF	Transportation	\$500,000	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 866	State Retirement and Pension System – Military Service – Members and Former Members (Ch. 277)							
	FF	All or Multiple Agencies	\$0	\$225,420	\$234,437	\$243,814	\$253,567	
	GF	All or Multiple Agencies	\$0	\$875,160	\$910,166	\$946,573	\$984,436	
	SF	All or Multiple Agencies	\$0	\$225,420	\$234,437	\$243,814	\$253,567	
	SF	Retirement Agency	\$50,000	\$0	\$0	\$0	\$0	
SB 882	At-Risk Youth Prevention and Diversion Programs (Ch. 445)							
	GF	Executive Department	\$0	\$5,700,000	\$5,700,000	\$5,700,000	\$5,700,000	
SB 885	Correctional Officers’ Retirement System – Line of Duty Death Benefits (Ch. 279)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential increase for State employee/retiree health benefits plan.
SB 896/HB 1070	Commission on the Establishment of a Maryland Women in Military Service Monument (Ch. 281/282)							
	GF	Veterans Affairs	\$12,000	\$3,000	\$0	\$0	\$0	
SB 996	Baltimore County Liquefied Natural Gas Task Force (Ch. 285)							
	SF	Natural Resources	\$100,000	\$0	\$0	\$0	\$0	
SB 1065	Revenue Stabilization Account – Fund Transfer – Prince George’s County (Ch. 288)							
	SF	Hlth. & Mental Hyg.	\$5,000,000	\$0	\$0	\$0	\$0	Included in FY 2007 budget.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
SB 1080	Office of Administrative Hearings – Disciplinary Appeals – Additional Actions (Ch. 553)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential employee benefits costs.
SB 1086	Health Insurance – Contracts of Carriers with Providers , Ambulatory Surgical Facilities, or Hospitals – Prohibited Provisions (Ch. 554)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential State health plan costs.
HB 2	Agricultural Stewardship Act of 2006 (Ch. 289)							
	BOND	Agriculture	\$7,000,000	\$14,000,000	\$21,000,000	\$28,000,000	\$35,000,000	
	GF	Agriculture	\$23,550,000	\$28,145,371	\$31,450,000	\$32,050,000	\$32,450,000	\$3,546,392 included in FY 2007 budget.
	GF	All or Multiple Agencies	\$5,000,000	\$8,000,000	\$8,500,000	\$9,000,000	\$9,000,000	
	GF	Planning, Office of	\$50,100	\$61,865	\$65,442	\$69,266	\$73,358	
	GF	Univ. Sys. of MD.	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	
	GF/SF/FF	Environment	\$0	increase	\$0	\$0	\$0	Potential linked deposit expenditures.
	HE	Univ. Sys. of MD.	increase	increase	increase	increase	increase	Potential internship and agricultural education costs.
	SF	Agriculture	\$46,103	\$56,455	\$59,765	\$63,309	\$67,109	
HB 3	Veterans Advocacy and Education Act of 2006 (Ch. 290)							
	GF	Higher Ed. Comm.	\$1,931,349	\$3,102,775	\$4,061,993	\$4,854,282	\$5,529,358	
	GF	Public Sfty & Corr. Srvcs.	\$3,162,796	\$295,348	\$151,044	\$77,048	\$0	
	GF	Veterans Affairs	\$158,524	\$122,695	\$129,655	\$137,100	\$145,070	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 11	Crimes – Inflicting Unnecessary Suffering or Pain on Animals – Prohibition (Ch. 448)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 51	Motor Vehicle Excise Tax – Trailers (Ch. 152)							
	SF	Transportation	\$6,499	\$0	\$0	\$0	\$0	
HB 55	Labor and Employment – Minimum Wage – Application (Ch. 557)							
	GF	All or Multiple Agencies	\$72,256	\$70,088	\$67,986	\$65,947	\$63,968	
	HE	St. Mary’s College	\$128,000	\$124,160	\$120,435	\$116,822	\$113,317	
	HE	Univ. Sys. of MD.	\$599,076	\$581,104	\$563,671	\$546,761	\$530,358	
	SF	All or Multiple Agencies	\$48,171	\$46,726	\$45,324	\$43,964	\$42,645	
HB 58	Department of Health and Mental Hygiene – Racial and Ethnic Variations – Health Care Disparities Policy Report Card (Ch. 450)							
	SF	Hlth. & Mental Hyg.	\$120,000	\$75,000	\$75,000	\$75,000	\$75,000	SF revenues increase by same amount.
HB 60	Crimes – Visual Surveillance of Private Area of an Individual (Ch. 292)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 89	Department of Health and Mental Hygiene – Legal Immigrants – Pregnant Women and Children (Ch. 294)							
	GF	Hlth. & Mental Hyg.	\$0	\$3,000,000	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 103	State Board of Public Accountancy Fund (Ch. 156)							
	GF	Labor Lic. & Reg.	\$0	(\$482,425)	(\$506,546)	(\$531,873)	(\$558,467)	Associated \$465,000 GF revenue decrease.
	SF	Labor Lic. & Reg.	\$0	\$465,000	\$506,546	\$531,873	\$558,467	Corresponding SF revenue increase.
HB 109	Maryland Department of the Environment – Sound Level Meters – Use by Counties (Ch. 561)							
	GF	Environment	\$5,200	\$1,616	\$1,632	\$412	\$0	
HB 169	Procurement – Security Requirements (Ch. 299)							
	GF/SF	All or Multiple Agencies	indet.	indet.	indet.	indet.	indet.	Potential increase/decrease in procurement costs.
HB 180	Department of Agriculture – Maryland Agricultural Land Link Program (Ch. 161)							
	GF	Agriculture	\$0	\$84,041	\$62,645	\$66,315	\$70,246	
HB 189/SB 154	See entry for SB 154.							
HB 214	Assault Against a Law Enforcement Officer – Correctional Officer (Ch. 305)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 246	Insurance – Temporary Insurance Producer Licenses – Specified Types of Insurance (Ch. 83)							
	SF	Insur. Admin.	increase	\$0	\$0	\$0	\$0	Minimal computer reprogramming costs.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 247	Financial Institutions – Consumer Credit – Licensee Examinations (Ch. 84)							
	SF	Labor Lic. & Reg.	\$41,250	\$55,550	\$56,106	\$56,667	\$57,233	SF revenues increase by same amount.
HB 272	Child Support Enforcement – Affidavit of Support (Ch. 307)							
	FF	Human Resources	\$11,880	\$0	\$0	\$0	\$0	
	GF	Human Resources	\$6,120	\$0	\$0	\$0	\$0	
HB 310/SB 228	See entry for SB 228.							
HB 315	Family Caregiver Assistance Program (Ch. 224)							
	GF	Aging	\$15,926	\$306,657	\$309,657	\$313,515	\$317,317	
HB 322/SB 230	See entry for SB 230.							
HB 334	Family Law – Adoption Search, Contact, and Reunion Services – Relatives and Members of the Adoptive Family (Ch. 312)							
	GF	Human Resources	\$117,960	\$137,443	\$144,126	\$151,197	\$66,751	
HB 342/SB 336	See entry for SB 336.							
HB 353	Teachers and School Administrators – Sexual Contact with Students – Prohibition (Ch. 317)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 396	Agricultural Operations – Nuisance Actions – Requirements (Ch. 172)							
	GF	Agriculture	increase	increase	increase	increase	increase	Minimal costs for State Agricultural Mediation Program.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 399	Business and Economic Development – Enterprise Zones – Expansion (Ch. 173)							
	GF	Assessments & Tax.	\$1,031,835	\$1,042,153	\$1,052,575	\$1,063,101	\$1,073,732	
HB 448	Revenue Collection – Offsets (Ch. 577)							
	GF	Comptroller	\$80,688	\$55,950	\$59,254	\$62,794	\$66,589	
HB 507	Department of Health and Mental Hygiene – Folic Acid Supplement Distribution Program (Ch. 328)							
	GF	Hlth. & Mental Hyg.	\$848,000	\$1,130,040	\$1,141,190	\$1,152,452	\$1,163,827	
HB 524	Criminal Offenses – Driving Without a License – Arrest and Penalties (Ch. 329)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 525	Vehicle Laws – Administrative Per Se Offenses – High Alcohol Concentration or Test Refusal – Ignition Interlock System – Suspension Modifications and Restrictive Licenses (Ch. 461)							
	SF	Transportation	\$264,440	\$436,071	\$462,706	\$491,315	\$522,071	
HB 556	Correctional Services – Maryland Correctional Enterprises – Open Market Sales – Food Service (Ch. 332)							
	SF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential wage expenditures from the Maryland Correctional Enterprises revolving fund.
HB 557	Maryland Register – Filing and Publishing Requirements (Ch. 92)							
	GF	Secretary of State	(\$1,600)	(\$1,616)	(\$1,632)	(\$1,648)	(\$1,664)	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 586	Community Colleges – Funding Formulas – Adjustment (Ch. 333)							
	GF	Baltimore City Community College	\$0	\$283,346	\$803,732	\$1,355,769	\$2,132,717	
	GF	Higher Ed. Comm.	\$0	\$3,749,596	\$10,019,581	\$16,901,435	\$26,587,109	
HB 616	Vehicle Law – Recording Illegal Activity (Ch. 335)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 656	Criminal Procedure – Defendant with an Alcohol or Drug Dependency – Commitment Procedures (Ch. 338)							
	GF	Hlth. & Mental Hyg.	\$47,236	\$57,617	\$60,938	\$64,494	\$68,306	
HB 676	Correctional Officers’ Retirement System – Membership (Ch. 340)							
	GF	Public Sfty & Corr. Srvcs.	\$0	\$930,000	\$1,080,000	\$1,230,000	\$1,390,000	
HB 686	Delinquency Prevention and Diversion Services Task Force (Ch. 466)							
	GF	Juvenile Services	\$43,673	\$0	\$0	\$0	\$0	
HB 697	Department of Health and Mental Hygiene – Kidney Disease Program – Eligibility Requirements (Ch. 344)							
	GF	Hlth. & Mental Hyg.	(\$1,281,200)	(\$1,447,766)	(\$1,637,215)	(\$1,852,705)	(\$2,097,828)	Included in FY 2007 budget.
HB 699	Agriculture – Preservation of Historic Structures (Ch. 187)							
	GF	Planning, Office of	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	Corresponding increase in SF revenues.
	SF	Planning, Office of	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	Offsetting increase in SF revenues.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 707	Crimes – Obscene Video Games – Prohibition on Sale, Display, or Rental to Minor (Ch. 346)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 710	Education – Blind and Visually Impaired Students – Instructional Materials (Ch. 347)							
	GF	Education	\$0	\$150,000	\$150,000	\$150,000	\$150,000	
HB 717	Trusts for Individuals with a Disability – Housing Programs and Homeowners’ Property Tax Credit – Eligibility (Ch. 470)							
	GF	Assessments & Tax.	increase	increase	increase	increase	increase	Reimbursements for local property taxes.
HB 720	Office of Cemetery Oversight – Investigative and Enforcement Power – Entities Without Registrations or Permits (Ch. 348)							
	SF	Labor Lic. & Reg.	increase	increase	increase	increase	increase	Potential minimal administrative costs.
HB 769	Maryland Agricultural Land Preservation Foundation – Easements – Program Requirements (Ch. 192)							
	SF	Agriculture	increase	increase	increase	increase	increase	Potential significant easement purchases. FY 2007 budget assumes \$5 million increase. SF revenues increase by same amount.
HB 794	Education – Maryland Alternative Teaching Opportunity Program (Ch. 474)							
	GF	Education	\$102,367	\$185,259	\$192,794	\$200,691	\$208,851	
HB 795	Criminal Procedure – Criminal Defendants – Incompetency and Criminal Responsibility (Ch. 353)							
	GF	Hlth. & Mental Hyg.	\$48,383	\$59,174	\$62,614	\$66,295	\$70,237	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 799/SB 792	See entry for SB 792.							
HB 850	Crimes – Burial, Memorial Service, Funeral, or Funeral Procession (Ch. 357)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 851	Department of Health and Mental Hygiene – Adult Sickle Cell Anemia – Study (Ch. 358)							
	GF	Hlth. & Mental Hyg.	\$24,370	\$0	\$0	\$0	\$0	
HB 881	Maryland Food Center Authority – Technical Changes (Ch. 588)							
	NB	Food Center Auth.	increase	increase	increase	increase	increase	Potential bond expenditures. Nonbudgeted revenues increase by same amount.
HB 941	Enterprise Zones – Property Tax Credits After Expiration of Designation of Enterprise Zone (Ch. 362)							
	GF	Assessments & Tax.	increase	increase	increase	increase	increase	Potential significant reimbursement payments to local governments for property tax credits.
HB 953	Property Tax – Real Property Information – Web-Based Services (Ch. 363)							
	GF	Assessments & Tax.	\$200,000	\$0	\$0	\$0	\$0	
HB 957	Maryland Polysomnography Act (Ch. 595)							
	SF	Hlth. & Mental Hyg.	\$30,685	\$35,223	\$37,446	\$39,855	\$42,465	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 980	Natural Resources – Terrapin (Ch. 477)							
	GF	Natural Resources	\$42,976	\$58,809	\$62,245	\$65,922	\$69,860	
HB 985	State Budget – Funding for Circuit Court Law Clerks (Ch. 366)							
	GF	Judiciary	\$1,945,929	\$1,984,847	\$2,024,544	\$2,065,035	\$2,106,336	Included in FY 2007 budget.
HB 988	Higher Education – Workforce Shortage Student Assistance Grants (Ch. 367)							
	GF	Higher Ed. Comm.	\$50,000	decrease	decrease	decrease	decrease	Potential administrative costs.
HB 1005	Workers’ Compensation – Civil Defense Volunteers – Emergencies (Ch. 369)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential significant workers’ compensation expenditures.
HB 1036	Assisted Living Programs – Prohibited Acts, Penalties, and Quality Account (Ch. 478)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1056/SB 25	See entry for SB 25.							
HB 1070/SB 896	See entry for SB 896.							
HB 1107	Real Estate Licenses – Reciprocity (Ch. 200)							
	SF	Labor Lic. & Reg.	increase	\$0	\$0	\$0	\$0	Potential minimal computer programming costs.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1127	Statewide Commission on the Shortage in the Health Care Workforce (Ch. 379)							
	GF	Hlth. & Mental Hyg.	\$41,677	\$47,992	\$0	\$0	\$0	
HB 1130	Education – Adult Education and Literacy Services – Funding (Ch. 380)							
	GF	Education	\$0	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	
HB 1141	Land Use – Local Government Planning (Ch. 381)							
	GF	Environment	\$200,291	\$238,303	\$251,878	\$266,407	\$281,972	
	GF	Natural Resources	\$48,891	\$60,223	\$63,673	\$67,364	\$71,317	
	GF	Planning, Office of	\$193,940	\$254,006	\$268,613	\$284,224	\$300,923	
HB 1145	State Board of Dietetic Practice – Licensing Provisions – Changes (Ch. 382)							
	SF	Hlth. & Mental Hyg.	\$2,700	\$3,600	\$3,600	\$3,600	\$3,600	
HB 1160	Workforce Housing Grant Program – Establishment (Ch. 483)							
	GF	Housing & Comnty Dvlpt.	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	
HB 1164	Maryland Trauma Physician Services Fund – Reimbursement Rates – Grants (Ch. 484)							
	SF	Hlth. & Mental Hyg.	\$9,041,000	\$9,098,845	\$9,141,708	\$9,409,085	\$9,688,494	
HB 1172	Public Safety – Missing Persons – Reports and Investigations (Ch. 485)							
	GF	Public Sfty & Corr. Srvcs.	\$32,708	\$33,936	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1175	Crimes – Knowing Sale or Issuance of False Identification Card or Document – Penalties (Ch. 486)							
	GF	Judiciary	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1201	Criminal Law – Identity Theft Passports (Ch. 607)							
	GF	Attorney General’s Office	\$97,242	\$119,974	\$126,820	\$134,145	\$141,991	Contingent on appropriation of funds in FY 2008 budget.
HB 1247	Higher Education – Alcohol and Drug Workforce – Tuition Assistance Program (Ch. 488)							
	GF	Higher Ed. Comm.	\$0	increase	increase	increase	increase	Potential scholarship costs.
HB 1257	Juvenile Law – Competency – Services (Ch. 387)							
	GF	Hlth. & Mental Hyg.	\$398,607	\$520,444	\$545,147	\$571,130	\$598,474	
HB 1280	Aid to Service-Disabled Veterans and Military Reservists or National Guard Personnel Called to Active Duty (Ch. 389)							
	GF	Bus. & Econ. Dvlpmt.	\$3,000,000	\$3,000,000	\$2,250,000	\$2,250,000	\$2,250,000	
HB 1301	Telephone Privacy Act of 2006 (Ch. 491)							
	GF	Attorney General’s Office	\$52,747	\$65,095	\$68,746	\$72,646	\$76,818	Not including potential staff and administrative costs.
	GF	Public Sfty & Corr. Svcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1330/SB 771	See entry for SB 771.							

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1342	Long-Term Care Planning Act of 2006 (Ch. 492)							
	SF	Hlth. & Mental Hyg.	\$175,000	\$0	\$0	\$0	\$0	SF revenues increase by same amount.
HB 1368	Election Law – Voter Bill of Rights (Ch. 61)							
	GF	Election Board, State	\$11,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$0	\$11.5 million (for e-poll books) included in FY 2007 budget. FY 2008-2010 assume even distribution of remainder of \$28 million total costs. Additional increases for voting machine costs at higher education polling places are not shown.
HB 1380	Libraries – County Library Capital Project Grants (Ch. 494)							
	BOND	Education	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	
	GF	Education	\$104,463	\$98,518	\$104,284	\$110,462	\$117,084	
HB 1391	Tax Credits for Individuals Facing Employment Barriers (Ch. 394)							
	GF	Labor Lic. & Reg.	\$57,500	\$115,000	\$115,000	\$115,000	\$115,000	
HB 1405	Health Insurance – Coverage for Part-Time Students With Disabilities (Ch. 395)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential significant State health plan costs.
HB 1431	Linked Deposit Program – State Depository Financial Institutions – Loans to Minority Business Enterprises (Ch. 396)							
	GF	Housing & Commty Dvlpt.	\$44,751	\$58,506	\$61,939	\$65,613	\$69,548	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1432	Education – Residential Boarding Education Programs – At-Risk Youth (Ch. 397)							
	GF	Education	\$42,830	\$124,147	\$2,126,666	\$3,884,083	\$5,142,027	
	SF	Education	\$0	\$0	\$821,000	\$1,533,657	\$2,107,000	SF revenues increase by same amount.
HB 1435	Higher Education – Financial Assistance – Community College Access Initiative (Ch. 496)							
	GF	Higher Ed. Comm.	\$2,929,240	\$5,086,053	\$5,340,356	\$5,607,374	\$5,887,743	Included in FY 2007 budget.
HB 1467	Maryland Cares (Ch. 400)							
	GF	Aging	\$1,636,750	\$0	\$0	\$0	\$0	Included in FY 2007 budget. GF revenues increase by same amount.
HB 1487	Rural Maryland Prosperity Investment Fund (Ch. 621)							
	GF	Agriculture	\$0	\$500,000	\$500,000	\$500,000	\$500,000	Assumes general funds support program. Represents minimum funding level. SF revenues increase by same amount.
	SF	Agriculture	\$0	\$500,000	\$500,000	\$500,000	\$500,000	
HB 1503	Baltimore City – Sheriff’s Office – Appointed Positions (Ch. 401)							
	GF	All or Multiple Agencies	\$0	\$0	\$148,190	\$155,007	\$162,137	
HB 1568	Higher Education – Edward T. Conroy Memorial Scholarship – Eligibility (Ch. 407)							
	GF	Higher Ed. Comm.	increase	increase	increase	increase	increase	Potential scholarship costs.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1583	Allegany County and Garrett County – Vehicle Laws – Exceptional Hauling Permits – Forestry Products (Ch. 409)							
	FF	Transportation	\$8,000	\$8,000	\$8,000	\$8,000	\$0	
	SF	Transportation	\$0	\$0	\$0	\$0	\$0	
HB 1604	Maryland Health Care Commission and Health Services Cost Review Commission – Administrative Costs (Ch. 107)							
	GF	Hlth. & Mental Hyg.	(\$1,185,000)	\$0	\$0	\$0	\$0	The FY 2007 budget includes a \$1.2 million GF expenditure reduction contingent on this bill.
	SF	Hlth. & Mental Hyg.	\$1,185,000	\$0	\$0	\$0	\$0	
HB 1666	Academic Facilities Bonding Authority (Ch. 415)							
	BOND	St. Mary’s College	\$0	\$4,000,000	\$0	\$0	\$0	Included in FY 2007 budget.
	BOND	Univ. Sys. of MD.	\$25,000,000	\$0	\$0	\$0	\$0	
	HE	St. Mary’s College	\$0	\$0	\$400,000	\$400,000	\$400,000	
	HE	Univ. Sys. of MD.	\$0	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000	
HB 1668	State Police Helicopter Replacement Fund and Volunteer Company Assistance Fund – Moving Violations – Surcharges (Ch. 416)							
	GF	Judiciary	increase	increase	increase	increase	increase	Potential minimal staff and administrative costs.
	GF	State Police	decrease	decrease	decrease	decrease	decrease	Potential helicopter equipment savings.
	SF	Judiciary	\$328,850	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
HB 1669	Public Safety – Baltimore City Community College Police – Law Enforcement Officer (Ch. 417)							
	HE	Baltimore City Community College	\$55,461	\$56,016	\$15,463	\$15,617	\$15,773	\$250,000 included in FY 2007 budget.

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Comments</u>
HB 1681	Community Colleges – Supplemental Services and Supports for Students with Disabilities – Grant Program (Ch. 419)							
	GF	Higher Ed. Comm.	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	Included in FY 2007 budget.
HB 1696	Retirement and Pensions – Service Retirement Allowance – Creditable Service (Ch. 109)							
	GF	All or Multiple Agencies	\$0	\$16,300	\$16,952	\$17,630	\$18,335	
HB 1737	State Employees’ and Teachers’ Retirement Enhancement Benefit Act of 2006 (Ch. 110)							
	FF	All or Multiple Agencies	\$0	\$7,900,000	\$8,220,000	\$8,540,000	\$8,880,000	\$6,950,000 in FY 2007 budget earmarked for FY 2008.
	GF	All or Multiple Agencies	\$0	\$106,200,000	\$110,460,000	\$114,820,000	\$119,440,000	\$37,600,000 in FY 2007 budget earmarked for FY 2008.
	SF	All or Multiple Agencies	\$0	\$7,900,000	\$8,220,000	\$8,540,000	\$8,880,000	\$6,950,000 in FY 2007 budget earmarked for FY 2008.
	SF	Retirement Agency	\$150,000	\$0	\$0	\$0	\$0	
Special Session								
SB 1	Public Service Commission – Electric Industry Restructuring (Ch. 5)							
	GF	Assessments & Tax.	\$250,000	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
	SF	Attorney General’s Office	\$500,000	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
	SF	People’s Counsel	\$500,000	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
	SF	Public Serv. Comm.	\$750,000	\$0	\$0	\$0	\$0	Included in FY 2007 budget.
HB 2	Sexual Offenders – Supervision, Notifications, and Penalties (Ch. 4)							
	GF	Public Sfty & Corr. Svcs.	\$45,010	\$61,600	\$7,816,332	\$15,122,917	\$22,631,119	

Expenditures by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Aging						
	GF	\$1,652,676	\$306,657	\$309,657	\$313,515	\$317,317
Agriculture						
	GF	\$23,550,000	\$28,729,412	\$32,012,645	\$32,616,315	\$33,020,246
	SF	\$46,103	\$556,455	\$559,765	\$563,309	\$567,109
	BOND	\$7,000,000	\$14,000,000	\$21,000,000	\$28,000,000	\$35,000,000
All or Multiple Agencies						
	GF	\$5,675,040	\$79,565,260	\$122,116,286	\$125,027,429	\$129,691,148
	SF	\$249,099	\$1,289,834	\$8,674,169	\$9,108,906	\$9,457,340
	FF	\$350,528	\$1,477,612	\$8,759,651	\$9,092,080	\$9,444,916
Assessments & Taxation						
	GF	\$19,630,434	\$19,462,980	\$19,749,715	\$20,040,698	\$20,335,993
Attorney General's Office						
	GF	\$149,989	\$185,069	\$195,566	\$206,791	\$218,809
	SF	\$500,000	\$0	\$0	\$0	\$0
Baltimore City Community College						
	GF	\$0	\$283,346	\$803,732	\$1,355,769	\$2,132,717
	HE	\$255,461	\$256,016	\$215,463	\$215,617	\$215,773
Budget & Management						
	GF	\$998,685	\$828,844	\$480,495	\$509,116	\$539,881

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Business & Economic Development						
	GF	\$3,000,000	\$5,000,000	\$4,250,000	\$2,250,000	\$2,250,000
Comptroller						
	GF	(\$10,182)	(\$37,519)	(\$36,682)	(\$35,378)	(\$33,792)
Education						
	GF	\$589,437	\$3,988,370	\$5,443,102	\$7,234,816	\$8,209,175
	SF	\$0	\$0	\$821,000	\$1,533,657	\$2,107,000
	BOND	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Election Board						
	GF	\$11,585,000	\$5,500,000	\$5,500,000	\$5,500,000	\$86,762
Energy Administration						
	GF	\$65,700	\$85,463	\$0	\$0	\$0
Environment						
	GF	\$490,415	\$470,652	\$339,321	\$357,051	\$376,919
Executive Department						
	GF	\$51,338	\$5,763,532	\$5,767,125	\$5,770,966	\$5,775,075
	BOND	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
General Services						
	GF	\$51,083	\$66,405	\$0	\$0	\$0
Higher Education Commission						
	GF	\$5,957,465	\$13,081,376	\$20,735,971	\$28,848,219	\$39,660,417
	SF	\$16,125,980	\$10,345,453	\$11,224,817	\$12,178,926	\$13,214,135
Health & Mental Hygiene						
	GF	\$82,786	\$25,367,107	\$37,537,947	\$52,946,797	\$68,735,389
	SF	\$15,596,079	\$9,262,787	\$9,310,849	\$9,583,831	\$9,869,284
	FF	\$0	\$15,569,095	\$26,010,965	\$36,771,276	\$47,857,664
Housing & Community Development						
	GF	\$44,751	\$10,058,506	\$10,061,939	\$10,065,613	\$10,069,548
Human Resources						
	GF	\$817,275	\$1,151,812	\$1,170,975	\$1,190,881	\$1,119,646
	FF	\$11,880	\$0	\$0	\$0	\$0
Judiciary						
	GF	\$1,945,929	\$1,984,847	\$2,024,544	\$2,065,035	\$2,106,336
	SF	\$328,850	\$0	\$0	\$0	\$0
Juvenile Services						
	GF	\$43,673	\$0	\$0	\$0	\$0

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Labor, Licensing, & Regulation						
	GF	\$57,500	(\$367,425)	(\$391,546)	(\$416,873)	(\$443,467)
	SF	\$41,250	\$520,550	\$562,652	\$588,540	\$615,700
Lottery Agency						
	SF	\$26,430	\$0	\$0	\$0	\$0
Morgan State University						
	HE	\$0	\$882,668	\$882,668	\$882,668	\$882,668
	BOND	\$11,000,000	\$0	\$0	\$0	\$0
Natural Resources						
	GF	\$91,867	\$119,032	\$125,918	\$133,286	\$141,177
	SF	\$100,000	\$0	\$0	\$0	\$0
Payments to Civil Divisions						
	GF	\$0	\$0	\$342	\$683	\$1,025
People's Counsel						
	SF	\$500,000	\$0	\$0	\$0	\$0
Planning						
	GF	\$544,040	\$615,871	\$634,055	\$653,490	\$674,281
	SF	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Public Safety & Correctional Services						
	GF	\$3,690,514	\$1,784,384	\$9,524,781	\$16,921,692	\$24,527,598
Public Service Commission						
	SF	\$750,000	\$0	\$0	\$0	\$0
Retirement Agency						
	SF	\$200,000	\$0	\$0	\$0	\$0
School Construction						
	GF	\$0	\$374,362	\$681,648	\$973,407	\$1,237,710
Secretary of State						
	GF	(\$1,600)	(\$1,616)	(\$1,632)	(\$1,648)	(\$1,664)
St. Mary's College						
	HE	\$128,000	\$124,160	\$590,851	\$591,215	\$591,963
	BOND	\$0	\$4,000,000	\$0	\$0	\$0
State Labor Relations Board						
	GF	\$110,304	\$115,378	\$120,685	\$126,237	\$132,044
State Police						
	GF	\$0	\$83,297	\$83,297	\$83,297	\$83,297

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Transportation						
	SF	\$1,009,980	\$621,955	\$471,168	\$499,861	\$530,703
	FF	\$8,000	\$8,000	\$8,000	\$8,000	\$0
	NB	\$12,778	\$29,212	\$29,268	\$29,326	\$29,384
University System of Maryland						
	GF	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
	HE	\$599,076	\$2,681,104	\$2,663,671	\$2,646,761	\$2,630,358
	BOND	\$25,000,000	\$0	\$0	\$0	\$0
Veterans Affairs						
	GF	\$170,524	\$125,695	\$129,655	\$137,100	\$145,070

Totals by Fund Type/Summary of Quantifiable Expenditure Effects

<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
GF	\$83,034,643 ¹	\$206,691,097	\$281,369,541	\$316,874,304	\$353,108,657
SF	\$35,773,771 ²	\$22,897,034	\$31,924,420	\$34,357,030	\$36,661,271
FF	\$370,408 ³	\$17,054,707	\$34,778,616	\$45,871,356	\$57,302,580
BOND	\$43,000,000 ⁴	\$33,000,000	\$36,000,000	\$43,000,000	\$50,000,000

¹\$45,179,241 not included in the FY 2007 budget.

²\$26,667,299 not included in the FY 2007 budget.

³\$169,480 not included in the FY 2007 budget.

⁴\$18,000,000 not included in the FY 2007 budget.

Regular Positions Needed by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2007</u>	<u>Beginning in FY 2008</u>
Aging			
	GF	1.0	0
Agriculture			
	GF	0.0	1.0
	SF	1.0	0
Attorney General's Office			
	GF	3.0	0
Budget & Management			
	GF	8.0	0
Business & Economic Development			
	GF	0.0	4.0
Comptroller			
	GF	1.0	0
Education			
	GF	8.0	2.0
Environment			
	GF	5.0	0
Governor's Office for Children			
	GF	1.0	0

Regular Positions Needed by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2007</u>	<u>Beginning in FY 2008</u>
Higher Education Commission			
	GF	1.0	0
	SF	3.5	0
Health & Mental Hygiene			
	GF	6.0	2.0
	GF/FF	0.0	1.0
	SF	1.5	0
Housing & Community Development			
	GF	1.0	0
Human Resources			
	GF	2.0	0
Natural Resources			
	GF	2.0	0
Planning			
	GF	5.0	0
Public Safety & Correctional Services			
	GF	1.0	0
State Labor Relations Board			
	GF	1.0	0

Regular Positions Needed by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2007</u>	<u>Beginning in FY 2008</u>
Transportation	SF	9.0	0
Veterans Affairs	GF	2.0	0
Total		63.0	10.0

Contractual Positions Needed by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2007</u>	<u>Beginning in FY 2008</u>
Education			
	GF	1.5	0
Energy Administration			
	GF	1.0	0
General Services			
	GF	1.0	0
Health & Mental Hygiene			
	GF	4.0	0
Human Resources			
	GF	2.0	0
Juvenile Services			
	GF	1.0	0
Lottery Agency			
	SF	1.0	0
Public Safety & Correctional Services			
	GF	1.0	0
Total		12.5	0

Chapter Four – Local Government

- State Aid to Local Governments
- State Mandates on Local Governments
- Legislation Affecting Local Government Revenues
- Legislation Affecting Local Government Expenditures

State Aid to Local Governments

Overview

The State budget provides record support for local programs and services in fiscal 2007. Mandatory State aid programs are fully funded and public school construction projects will receive a significant influx of new State funds. Local highway and land preservation grants are restored to statutory funding levels after several years of budgetary reductions. The General Assembly also passed several initiatives affecting State funding for local programs in future years including benefit enhancements for State paid teachers' retirement and formula enhancements for local community college grants, the aging schools program, adult education and literacy services, and police aid.

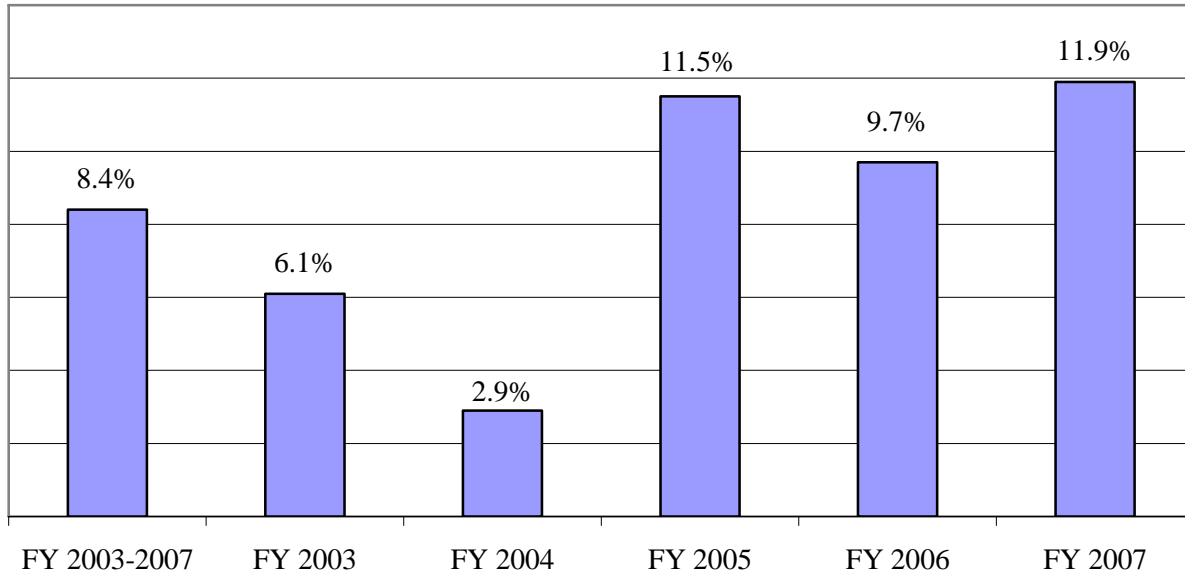
Record Increases in State Aid to Local Governments

State aid to local governments will total \$5.8 billion in fiscal 2007 – a \$616.8 million, or 11.9 percent increase over the prior year. This represents the largest annual increase in recent years. For comparison purposes, State aid increased by 11.5 percent in fiscal 2005 and 9.7 percent in fiscal 2006. State aid continues to be one of the largest and fastest growing components of the State budget. In fiscal 2007, State aid will account for 37.7 percent of general fund expenditures and 26.7 percent of State funded expenditures. The growth in State aid to local governments exceeds most other State programs; the annual growth in fiscal 2007 is 7.2 percent for entitlement programs and 8.4 percent for State agencies. In the last five years (fiscal 2003 through 2007), the State has provided local governments with almost \$2 billion in additional State aid, with public schools receiving an additional \$1.6 billion and counties/municipalities receiving an additional \$275 million. **Exhibit 4.1** shows the annual increase in State aid over the last five years.

Public Schools Receive the Largest Increase in State Aid

Most State aid to local governments (77.4 percent) goes to support local school systems with counties and municipalities receiving 17 percent of the aid. Public schools will receive \$4.5 billion in fiscal 2007 – a \$462.7 million, or 11.5 percent increase over the prior year. Counties and municipalities will receive \$986.4 million – a \$133.8 million, or 15.7 percent increase over the prior year. The remaining 6 percent of State aid is distributed to local libraries, community colleges, and local health departments. These entities will receive an additional \$20.3 million in aid. **Exhibit 4.2** shows the increase in State aid in fiscal 2007 by governmental entity.

Exhibit 4.1
Annual Growth in State Aid to Local Governments



Source: Department of Legislative Services

Exhibit 4.2
State Aid to Local Governments in Fiscal 2006 and 2007
(\$ in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$4,016.8	\$4,479.5	\$462.7	11.5%
Libraries	50.6	55.4	4.8	9.5%
Community Colleges	191.6	205.9	14.3	7.5%
Health	61.9	63.1	1.2	2.0%
County/Municipal	852.6	986.4	133.8	15.7%
Total	\$5,173.6	\$5,790.3	\$616.8	11.9%

Source: Department Legislative Services

Reliance on State Aid

State aid is the largest revenue source for most county governments in Maryland, accounting for 26.5 percent of total county revenues. In five counties (Anne Arundel, Baltimore, Queen Anne's, Talbot, and Worcester), State aid is the second largest revenue source after property taxes. In Howard and Montgomery counties, State aid is the third largest revenue source after both property and income taxes.

Dependence on State aid varies. Less affluent jurisdictions rely on State aid as their primary revenue source while more affluent jurisdictions rely more heavily on local property and income taxes. For example, State aid accounts for 16 percent of total revenues in Montgomery County but 50 percent in Caroline County. This difference is due to the fact that 65 percent of State aid is distributed inversely to local wealth. Utilizing local wealth measures to distribute State aid attempts to offset the inequalities in the revenue capacity among local jurisdictions.

State aid is the third largest revenue source for municipalities, representing 8.5 percent of total revenues. As with counties, the reliance on State aid varies for municipalities, ranging from 2.1 percent of total revenues for municipalities in Talbot County to 27.9 percent for municipalities in Garrett and Kent counties. State aid to municipalities is targeted primarily to highway maintenance, police and fire services, and parks and recreation. Municipalities receive approximately 70 percent of their State aid through four programs: highway user revenues, police and fire aid formulas, and Program Open Space.

Changes by Program

The increase in State aid in fiscal 2007 ranges from 6.5 percent in Dorchester County to 15.8 percent in Washington County. The increase in seven counties will exceed 14 percent. **Exhibit 4.3** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. Costs associated with enhanced retirement benefits for teachers and librarians will not appear until the fiscal 2008 budget. **Exhibit 4.4** compares total State aid in fiscal 2006 and 2007 by program.

Exhibit 4.3
State Assistance to Local Governments
Fiscal 2007 Legislative Appropriation
(\$ in Thousands)

County	County - Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over FY 2006	Percent Change
			Public Schools	Libraries	Health						
Allegany	\$18,074	\$5,257	\$69,803	\$697	\$1,514	\$95,346	\$5,721	\$101,066	\$13,256	15.1%	
Anne Arundel	66,406	24,431	237,303	1,844	5,320	335,304	37,766	373,070	46,489	14.2%	
Baltimore City	343,571	0	742,819	6,061	11,276	1,103,727	45,327	1,149,054	89,702	8.5%	
Baltimore	77,034	34,041	441,608	4,684	7,331	564,699	59,059	623,758	79,341	14.6%	
Calvert	15,758	1,473	73,310	386	636	91,563	9,440	101,004	9,615	10.5%	
Caroline	8,573	1,216	37,125	241	893	48,048	2,861	50,908	6,600	14.9%	
Carroll	20,901	6,196	125,176	886	2,070	155,228	14,254	169,482	19,013	12.6%	
Cecil	11,545	4,291	85,703	615	1,358	103,513	8,264	111,777	13,169	13.4%	
Charles	18,139	6,422	128,931	764	1,679	155,936	12,469	168,405	21,765	14.8%	
Dorchester	9,018	900	25,733	215	715	36,581	2,550	39,131	2,402	6.5%	
Frederick	27,040	6,613	168,029	1,013	2,546	205,240	19,346	224,586	22,954	11.4%	
Garrett	10,442	2,718	23,385	158	727	37,430	2,658	40,088	3,711	10.2%	
Harford	27,009	8,764	185,776	1,384	2,926	225,858	19,205	245,063	28,706	13.3%	
Howard	30,408	10,971	156,847	694	2,070	200,990	31,351	232,341	27,793	13.6%	
Kent	4,074	474	9,594	90	557	14,788	1,451	16,240	1,200	8.0%	
Montgomery	91,685	32,918	341,170	2,396	5,208	473,377	97,571	570,948	68,093	13.5%	
Prince George's	105,833	19,813	782,926	6,049	8,513	923,134	67,187	990,321	97,719	10.9%	
Queen Anne's	7,841	1,366	26,466	127	700	36,500	3,775	40,275	4,413	12.3%	
St. Mary's	11,288	2,028	78,897	571	1,359	94,142	8,054	102,197	11,008	12.1%	
Somerset	9,178	659	21,283	251	712	32,083	1,586	33,669	4,094	13.8%	
Talbot	6,710	1,267	10,301	91	551	18,919	2,415	21,335	1,845	9.5%	
Washington	17,965	6,176	111,583	993	2,313	139,031	10,325	149,355	20,411	15.8%	
Wicomico	13,062	3,878	90,087	684	1,587	109,297	7,812	117,109	15,492	15.2%	
Worcester	10,547	1,598	16,099	127	531	28,903	4,305	33,208	3,545	12.0%	
Unallocated	22,474	4,823	43,437	15,220	0	85,955	0	85,955	4,451	5.5%	
Total	\$984,575	\$188,294	\$4,033,391	\$46,240	\$63,092	\$5,315,591	\$474,751	\$5,790,342	\$616,788	11.9%	

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

State Assistance to Local Governments
Dollar Difference Between Fiscal 2007 Legislative Appropriation and Fiscal 2006 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Subtotal	Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health				
Allegany	\$2,941	\$365	\$9,350	\$71	\$11	\$12,737	\$519	\$13,256	
Anne Arundel	13,788	1,376	27,766	108	102	43,140	3,349	46,489	
Baltimore City	26,453	0	58,380	633	240	85,706	3,997	89,702	
Baltimore	16,181	1,897	55,351	476	177	74,083	5,258	79,341	
Calvert	1,699	176	6,832	56	18	8,781	834	9,615	
Caroline	890	41	5,391	20	3	6,345	255	6,600	
Carroll	3,782	576	13,279	96	26	17,759	1,254	19,013	
Cecil	1,991	405	9,942	81	18	12,437	732	13,169	
Charles	3,167	623	16,756	86	26	20,657	1,108	21,765	
Dorchester	394	30	1,730	16	5	2,175	227	2,402	
Frederick	4,358	381	16,383	83	35	21,240	1,714	22,954	
Garrett	1,364	115	1,982	9	4	3,474	238	3,711	
Harford	5,148	483	21,173	153	41	26,997	1,708	28,706	
Howard	7,883	901	16,121	59	49	25,013	2,780	27,793	
Kent	580	16	469	4	1	1,071	129	1,200	
Montgomery	20,620	2,956	35,574	191	183	59,524	8,569	68,093	
Prince George's	23,765	763	66,471	552	213	91,764	5,955	97,719	
Queen Anne's	1,197	46	2,814	14	7	4,077	336	4,413	
St. Mary's	1,951	247	8,015	66	14	10,294	713	11,008	
Somerset	1,375	48	2,501	25	5	3,954	140	4,094	
Talbot	1,141	42	433	8	6	1,629	216	1,845	
Washington	3,036	552	15,779	104	22	19,493	919	20,411	
Wicomico	798	280	13,637	69	16	14,799	693	15,492	
Worcester	1,917	116	1,111	8	11	3,163	382	3,545	
Unallocated	-12,799	0	16,214	1,037	0	4,451	0	4,451	
Total	\$133,619	\$12,433	\$423,454	\$4,025	\$1,233	\$574,763	\$42,025	\$616,788	

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

State Assistance to Local Governments
Percent Change: Fiscal 2007 Legislative Appropriation over Fiscal 2006 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	19.4%	7.5%	15.5%	11.3%	0.7%	15.4%	10.0%	15.1%
Anne Arundel	26.2%	6.0%	13.3%	6.2%	2.0%	14.8%	9.7%	14.2%
Baltimore City	8.3%	n/a	8.5%	11.7%	2.2%	8.4%	9.7%	8.5%
Baltimore	26.6%	5.9%	14.3%	11.3%	2.5%	15.1%	9.8%	14.6%
Calvert	12.1%	13.5%	10.3%	16.9%	2.9%	10.6%	9.7%	10.5%
Caroline	11.6%	3.5%	17.0%	8.9%	0.4%	15.2%	9.8%	14.9%
Carroll	22.1%	10.3%	11.9%	12.1%	1.3%	12.9%	9.6%	12.6%
Cecil	20.8%	10.4%	13.1%	15.2%	1.3%	13.7%	9.7%	13.4%
Charles	21.2%	10.7%	14.9%	12.7%	1.6%	15.3%	9.8%	14.8%
Dorchester	4.6%	3.5%	7.2%	8.1%	0.7%	6.3%	9.8%	6.5%
Frederick	19.2%	6.1%	10.8%	8.9%	1.4%	11.5%	9.7%	11.4%
Garrett	15.0%	4.4%	9.3%	6.3%	0.5%	10.2%	9.8%	10.2%
Harford	23.6%	5.8%	12.9%	12.4%	1.4%	13.6%	9.8%	13.3%
Howard	35.0%	8.9%	11.5%	9.3%	2.4%	14.2%	9.7%	13.6%
Kent	16.6%	3.5%	5.1%	4.2%	0.3%	7.8%	9.8%	8.0%
Montgomery	29.0%	9.9%	11.6%	8.7%	3.7%	14.4%	9.6%	13.5%
Prince George's	29.0%	4.0%	9.3%	10.0%	2.6%	11.0%	9.7%	10.9%
Queen Anne's	18.0%	3.5%	11.9%	12.5%	1.0%	12.6%	9.8%	12.3%
St. Mary's	20.9%	13.9%	11.3%	13.1%	1.1%	12.3%	9.7%	12.1%
Somerset	17.6%	7.8%	13.3%	11.1%	0.6%	14.1%	9.7%	13.8%
Talbot	20.5%	3.5%	4.4%	9.4%	1.0%	9.4%	9.8%	9.5%
Washington	20.3%	9.8%	16.5%	11.7%	1.0%	16.3%	9.8%	15.8%
Wicomico	6.5%	7.8%	17.8%	11.1%	1.0%	15.7%	9.7%	15.2%
Worcester	22.2%	7.8%	7.4%	7.0%	2.2%	12.3%	9.7%	12.0%
Unallocated	-36.3%	0.0%	59.6%	7.3%	n/a	5.5%	n/a	5.5%
Total	15.7%	7.1%	11.7%	9.5%	2.0%	12.1%	9.7%	11.9%

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

Exhibit 4.4
State Assistance to Local Governments by Program

<u>Program</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Difference</u>
Foundation Aid	\$2,308,307,556	\$2,493,221,111	\$184,913,555
Compensatory Education	600,353,936	726,652,649	126,298,713
Student Transportation – Regular	165,837,330	179,393,974	13,556,644
Student Transportation – Special Education	21,286,400	22,683,600	1,397,200
Special Education – Formula	191,285,179	231,829,152	40,543,973
Special Education – Nonpublic Placements	107,467,728	116,485,735	9,018,007
Special Education – Infants and Toddlers	5,199,999	5,810,782	610,783
Limited English Proficiency Grants	67,782,664	88,834,043	21,051,379
Extended Elementary	16,854,691	19,262,500	2,407,809
Baltimore City Partnership	14,093,016	0	-14,093,016
Aging Schools	12,061,000	15,148,001	3,087,001
Teacher Quality Incentives	7,550,000	7,550,000	0
Adult Education	3,433,622	5,433,622	2,000,000
Food Service	6,264,669	7,468,669	1,204,000
Gifted and Talented Grants	534,829	534,829	0
Out-of-county Placements	7,674,999	8,075,001	400,002
Headstart	3,000,000	3,000,000	0
School Reconstitution	14,279,600	11,779,600	-2,500,000
Judy Hoyer Centers	10,575,000	10,575,000	0
Guaranteed Tax Base	38,743,204	60,498,363	21,755,159
Other Programs	7,352,251	19,154,699	11,802,448
Total Primary and Secondary Education	\$3,609,937,673	\$4,033,391,330	\$423,453,657
Library Formula	28,031,991	31,019,681	2,987,690
Library Network	14,183,089	15,219,970	1,036,881
Total Libraries	\$42,215,080	\$46,239,651	\$4,024,571
Community College Formula	154,142,706	164,829,605	10,686,899
Grants for ESOL Programs	2,499,999	2,499,999	0
Optional Retirement	9,719,998	10,012,000	292,002
Small College Grant/Allegany and Garrett Grant	3,099,999	3,200,210	100,211
Statewide Programs	6,398,481	7,751,917	1,353,436
Total Community Colleges	\$175,861,183	\$188,293,731	\$12,432,548
Highway User Revenue	541,943,725	584,911,160	42,967,435
Elderly and Handicapped Transportation Aid	4,315,789	4,315,789	0
Paratransit	2,806,000	2,806,000	0
Total Transportation	\$549,065,514	\$592,032,949	\$42,967,435

<u>Program</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Difference</u>
Police Aid	63,885,135	64,861,903	976,768
Fire And Rescue Aid	10,000,000	10,000,000	0
Vehicle Theft Prevention	1,288,844	2,037,578	748,734
9-1-1 Grants	13,550,000	13,550,000	0
Community Policing	1,900,000	2,000,000	100,000
Foot Patrol/Drug Enforcement Grants	4,362,500	4,462,500	100,000
Law Enforcement Training Grants	100,000	100,000	0
Stop Gun Violence Grants	955,500	955,500	0
Violent Crime Grants	4,361,445	4,841,858	480,413
Baltimore City State's Attorney Grant	1,835,000	1,985,000	150,000
Domestic Violence Grants	200,000	200,000	0
War Room	729,982	729,982	0
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	50,000	50,000	0
Total Public Safety	\$103,768,406	\$106,324,321	\$2,555,915
Program Open Space	46,253,117	135,649,292	89,396,175
Critical Area Grants	742,500	742,500	0
Total Recreation/Environment	\$46,995,617	\$136,391,792	\$89,396,175
Local Health Formula	\$61,858,988	\$63,091,607	\$1,232,619
Utility Property Tax Grant	\$30,615,201	\$30,615,201	\$0
Disparity Grant	96,578,133	109,450,399	12,872,266
Horse Racing Impact Aid	1,341,400	1,341,400	0
Payments in Lieu of Taxes	1,604,472	1,005,222	-599,250
Security Interest Filing Fees	3,150,000	3,125,000	-25,000
Senior Citizens Activities Center	150,000	500,000	350,000
Statewide Voting Systems	17,687,047	3,788,874	-13,898,173
Total Other Direct Aid	\$23,932,919	\$9,760,496	-\$14,172,423
Total Direct Aid	\$4,740,828,714	\$5,315,591,477	\$574,762,763
Retirement – Teachers	406,876,425	446,142,300	39,265,875
Retirement – Libraries	8,413,415	9,176,199	762,784
Retirement – Community Colleges	15,743,564	17,589,481	1,845,917
Retirement – Local Employees	1,692,545	1,843,023	150,478
Total Payments-in-behalf	\$432,725,949	\$474,751,003	\$42,025,054
Total State Assistance	\$5,173,554,663	\$5,790,342,480	\$616,787,817

Source: Department of Legislative Services

Primary and Secondary Education

State funding for public schools remains a high priority. Over the last five years, State funding for public schools has increased by almost \$1.6 billion, even though the State government was confronted with major fiscal challenges during most of this period. On a per pupil basis, State funding has increased from \$3,432 in fiscal 2002 to \$5,385 in fiscal 2007, a 56.9 percent increase. Moreover, local school systems will receive record increases in State funding in fiscal 2007, both for operating programs and school construction projects. In fiscal 2007, local school systems will receive \$4.5 billion in State funding – a \$462.7 million, or 11.5 percent increase. In addition, funding for public school construction projects will total \$322.7 million, a 27.1 percent increase over the prior year. In addition, over the last five years, State funding for public school construction has totaled almost \$1 billion. These increases represent the State's financial commitment to adequately fund public schools and to provide a quality educational program for all children throughout the State.

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. Less affluent school systems, as measured by assessable base and net taxable income, receive relatively more aid per pupil than wealthier school systems. State aid under the foundation program will total \$2.5 billion in fiscal 2007 – a \$184.9 million, or 8.0 percent increase over the prior year. The per pupil foundation amount for fiscal 2007 is set at \$5,959, and the student enrollment count used for the program totals 827,596 students. Enrollment for the formula is based on the September 30, 2005, full-time equivalent student enrollment count.

Compensatory Education: The compensatory education program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97 percent of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced price meals. State aid under the compensatory education program will total \$726.7 million in fiscal 2007 – a \$126.3 million, or 21.0 percent increase over the prior year. The per pupil funding amount for fiscal 2007 is set at \$2,659 and the student enrollment count used for the program totals 261,088.

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 percent of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. State funding for public special education programs will total \$231.8 million in fiscal 2007, representing a \$40.5 million, or 21.2 percent increase over the prior year. Funding for nonpublic

placements will total \$116.5 million in fiscal 2007 – a \$9.0 million, or 8.4 percent increase over the prior year.

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; increases cannot exceed 8.0 percent or be less than 3.0 percent. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a \$900 per student grant for transporting disabled students. The fiscal 2007 budget includes \$179.4 million for regular transportation services and \$22.7 million for special transportation services. This represents a \$15.0 million, or 7.4 percent increase from the prior year.

Limited English Proficiency: The State provides grants to support programs for non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99 percent of the annual per pupil foundation amount. The fiscal 2007 grant per LEP student is \$2,714. State funding for the program will total \$88.8 million in fiscal 2007, representing a \$21.1 million, or 31.1 percent increase over the prior year. The number of LEP students in Maryland totals 31,429 for the 2005-2006 school year.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80 percent of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant equals the difference between actual and required spending per pupil, up to 20 percent of the per pupil foundation amount. The grants are phased in, beginning at 25 percent in fiscal 2005 and ending at 100 percent in fiscal 2008. Eight jurisdictions qualified for grants totaling \$19.1 million in fiscal 2005 and 10 jurisdictions qualified for grants totaling \$38.7 million in fiscal 2006. In fiscal 2007, 10 jurisdictions will qualify for grants totaling \$60.5 million.

Extended Elementary Education Program: As part of the Bridge to Excellence in Public Schools Act of 2002, certain mandated State aid programs are phased out by fiscal 2008, while other programs with enhanced funding that distribute State aid to local school systems based on student enrollments and local wealth are phased in. One of the programs to be eliminated is the Extended Elementary Education Program, which funds pre-kindergarten programs for students identified as having a high risk of failure in school. The program is fully funded at \$19.3 million in fiscal 2007 but would not be funded in fiscal 2008 and subsequent years.

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. State funding for the Aging Schools program will total \$15.1 million in fiscal 2007. A provision in the fiscal 2005 capital budget indicates that the

intent of the General Assembly is that a county will receive in fiscal 2007 at least 50 percent of the funding provided in fiscal 2005. The special grant is phased out after fiscal 2008. The special hold harmless grant totals \$1.1 million in fiscal 2007.

The General Assembly approved legislation, **SB 432/Chapter 252**, that requires funding for the Aging Schools program to be adjusted annually for inflation beginning in fiscal 2008. Under current law, State funding for this program is set in statute and does not increase from one fiscal year to the next.

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. This program also provides funding to support childhood educators and statewide implementation of an early childhood assessment system. The fiscal 2007 State budget includes \$7.6 million for Judy Center grants, \$3.0 million for school readiness and program accreditation, and \$3.0 million for head start programs.

School Improvement Grants: Grants are provided to schools and local school systems that are low-performing in meeting adequate yearly progress targets. Schools and local school systems receiving grants may be categorized in three stages – improvement, corrective action, or restructuring. State funding for school improvement grants will total \$11.8 million in fiscal 2007, a \$2.5 million decrease from the prior year. The Maryland State Department of Education (MSDE) added \$2.5 million to the fiscal 2006 appropriation from excess Compensatory Education funding. The grants support technical assistance and professional development for school personnel to improve school performance.

Teacher Quality Incentives: The State provides salary enhancements for teachers obtaining national certification, a signing bonus for teachers graduating in the top of their class, and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. The fiscal 2007 State budget includes \$7.6 million for these teacher quality incentives and \$100,000 for the Governor's Teacher Excellence Award Program which is a new program designed to distribute financial awards to teachers for outstanding performance.

Food and Nutrition Services: The fiscal 2007 State budget includes \$7.5 million for food and nutrition services, a \$1.2 million increase over the prior year. The increase in funding supports the expansion of the Classroom Breakfast Pilot in the Maryland Meals for Achievement Program. Elementary schools are eligible for the program if they participate in the federal School Breakfast program and at least 40 percent of their enrollment is approved for free and reduced priced meals. Schools are selected for the program on a competitive basis, and, once selected, offer free breakfast in classrooms every morning, regardless of family income.

Infants and Toddlers Program: This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children who are less than three years old. Eligible children include those who have developmental delays or

disabilities. State funding for infants and toddlers programs will total \$5.8 million in fiscal 2007, a \$0.6 million increase over the prior year.

Adult Education: The State provides funding for adult education services through four programs: adult general education; external diploma program; literacy works grant; and adult education and literacy works. The State budget includes \$5.4 million for adult education programs in fiscal 2007, a \$2 million increase over the prior year.

The General Assembly approved legislation, **HB 1130/Chapter 380**, that requires the Governor to include in the fiscal 2008 State budget an appropriation for adult education equal to an increase of \$1.5 million over the fiscal 2007 appropriation. MSDE must distribute the funding as Literacy Works Grants for adult education and literacy services. To leverage the additional funding, local expenditures would increase by \$500,000 to meet the required 25 percent local match on State aid.

Challenge Grants: These grants are distributed to schools where the average daily attendance is low, the dropout rate is high, and student scores on State tests are low. State funding for the program totals \$3.8 million in fiscal 2007. The program was not funded in fiscal 2006.

School-based Health Centers: The fiscal 2007 State budget includes \$2.9 million for school-based health centers. The funding for these centers has been transferred from the Subcabinet Fund to MSDE in fiscal 2007. An increase of \$700,000 over the fiscal 2006 appropriation in the Subcabinet Fund is included in the State budget. This restores funding for school-based health centers to the fiscal 2005 funding level.

Science and Math Initiative: The fiscal 2007 State budget includes \$2.6 million for this program, including a new \$2 million grant that will support the development of Science, Technology, Engineering, and Mathematics Academies, a concept that emerged from the Governor's summit on Math, Technology, Science, and Engineering Education in Maryland. The summit was a recommendation of the Governor's Commission on Quality Education in Maryland. The curriculum in the academies will be highly specialized and give students exposure to the professional scientific community and advanced technology.

Environmental Education: The fiscal 2007 State budget includes \$1.7 million for environmental education programs, a \$1.5 million increase over the prior year. The increase is allocated to student participation in an outdoor education program that opened in August 2005 at North Bay in Cecil County. The program, which can serve 11,000 students per year, is structured as a four-night stay for sixth graders that provides an outdoor education experience aligned with the State curriculum. The program received \$200,000 in fiscal 2006.

Principal Development Program: Chapter 408 of 2005 established a statewide Principal Fellowship and Leadership Development Program. The program provides incentive payments for distinguished principals to work in low-performing schools. Funding for this program will total \$96,000 in fiscal 2007.

Teachers' Retirement Payments: The State pays 100 percent of the employers' share of retirement costs for local school system employees in the Teachers' Retirement and Pension Systems maintained by the State. Rather than distributing the aid to the local boards of education and billing them for the retirement contributions, the State appropriates a lump-sum payment to the retirement system "on behalf of" the local boards. The appropriation is calculated by increasing the second prior year's salary base by 5 percent and applying the contribution rate established by the retirement system's actuary. Teachers' retirement payments will total \$446.1 million in fiscal 2007, representing a 9.7 percent increase over fiscal 2006 due to an increase in the salary base and pension contribution rate.

The General Assembly approved legislation, **HB 1737/Chapter 110**, that enhances pension benefits for all members of the Teachers' Pension System and the Employees' Pension System. The benefit multiplier increases from 1.4 to 1.8 percent for service credit retroactive to 1998. Employee and teacher contribution rate increases are phased in over three years, rising from the current rate of 2 to 5 percent by July 1, 2008.

Local Libraries

Local libraries receive over 20 percent of their funding from the State government. In fiscal 2007, State aid to local libraries will total \$55.4 million, representing a \$4.8 million, or 9.5 percent increase over the prior year. Local libraries benefit from significant increases in State aid in fiscal 2007 due to legislation adopted last year at the 2005 session, which enhanced the funding formulas for the minimum per capita library program and the regional resource centers. This year, at the 2006 session, the General Assembly approved legislation that will provide additional funding for library capital projects.

Minimum Per Capita Library Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. The minimum library program is specified in statute. For fiscal 2007, the program is based on a \$13 per capita grant. Overall, the State provides 40 percent of the minimum program, and the counties provide 60 percent. However, the State/local share of the minimum program varies by county depending on local wealth. In fiscal 2007, State funding for the library program will total \$31.0 million, representing a \$3.0 million, or 10.7 percent increase over the prior year.

State Library Network: The network consists of the Central Library of the Enoch Pratt Free Library System in Baltimore City, three regional resource centers, and metropolitan cooperative service programs. The Enoch Pratt Free Library operates as the designated State Library Resource Center. It will receive \$10.3 million in State funding in fiscal 2007, which equals \$1.85 per State resident. In addition to the State center, regional resource centers serve Western Maryland (Hagerstown), Southern Maryland (Charlotte Hall), and the Eastern Shore (Salisbury). The regional centers will receive \$4.9 million in fiscal 2007, which equates to \$5.50 per resident in the region served.

Retirement Payments: The State pays 100 percent of the employers' share of retirement costs for local library employees in the Teachers' Retirement and Pension Systems maintained

by the State. State funding for library retirement payments will total \$9.2 million in fiscal 2007, a \$0.8 million increase from the prior year.

Legislative Action: While the State provides local governments with funding to operate public libraries, the State does not have a program to aid library systems with capital projects. To address this issue, the General Assembly approved legislation, **HB 1380/Chapter 494**, that establishes a State grant program for public library capital projects to provide a uniform and objective analysis of proposed capital projects and to support projects that address library needs in the State. The program must be administered by the Division of Library Development and Services within MSDE. Beginning in fiscal 2008, the Governor must include \$5 million annually in the State operating or capital budget for the program. The State Board of Education must adopt regulations to implement the program.

Community Colleges

Local community colleges receive about 25 percent of their funding from the State government. In fiscal 2007, State aid to local community colleges will total \$205.9 million – a \$14.3 million, or 7.5 percent increase from the prior year. Baltimore City Community College, which is operated by the State, will receive a State appropriation of \$35.0 million in fiscal 2007.

Senator John A. Cade Funding Formula: State funding under the formula will total \$164.8 million in fiscal 2007 – a \$10.7 million, or 6.9 percent increase from the prior year. The fiscal 2007 formula is based on a student enrollment count of 83,178 and a per student funding amount of \$1,982. Student enrollment increases by 2.8 percent over the prior year and per student funding increases by 4.0 percent.

The General Assembly approved legislation, **HB 586/Chapter 333**, that alters the calculation of the community college funding formula by phasing in a higher funding level from fiscal 2008 to 2012. Under current law, the formula distributes per pupil aid equal to 25 percent of the per pupil funding provided to certain public four-year institutions of higher education during the previous fiscal year. Under the new legislation, the per pupil funding level will increase to 25.5 percent in fiscal 2008 and to 30 percent by fiscal 2013.

Special Programs: State funding will total \$2.6 million for the small college grants and \$0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total \$4.8 million. State funding for the English as a Second Language program will remain at \$2.5 million in fiscal 2007. The Innovative Partnership for Technology program will receive \$2.9 million in funding, a \$1.3 million increase from the prior year.

The General Assembly approved legislation, **SB 575/Chapter 262**, that increases to \$6 million per year the maximum State funding for English for speakers of other languages (ESOL) programs at local community colleges. Under current law, local community colleges receive \$800 per ESOL student enrolled in the colleges; however, the annual State appropriation for the programs is limited to \$2.5 million. State funding for the ESOL program has been at the limit since fiscal 2004, meaning colleges have received less than the full \$800 per ESOL student. The

fiscal 2007 State budget includes \$2.5 million for the grants, or approximately \$656 per ESOL student.

Retirement Payments: The State pays 100 percent of the employer's share of retirement costs for community college faculty in the Teachers' Retirement and Pension Systems maintained by the State. State funding for community college retirement payments will total \$17.6 million in fiscal 2007 – a \$1.8 million, or 11.7 percent increase. In addition, State funding for the optional retirement program will total \$10.0 million in fiscal 2007, representing a \$0.3 million, or 3.0 percent increase.

Local Health Departments

The State provides funds to support the delivery of public health services in each of Maryland's 24 jurisdictions. Support for this program is formula-driven, with increases based on inflation and population growth. State aid for local health departments will total \$63.1 million in fiscal 2007, representing a \$1.2 million, or 2.0 percent increase.

County and Municipal Governments

Approximately 17 percent of State aid goes to county and municipal governments. State funding for counties and municipalities will total \$986.4 million in fiscal 2007, representing a \$133.8 million, or 15.7 percent increase over the prior year. State aid to county and municipal governments is targeted primarily to highway maintenance, police and fire services, and parks and recreation. The State also provides disparity grants to less affluent counties to address the differences in the abilities of counties to raise revenues from the local income tax.

Highway User Revenues: State funding for local transportation projects is fully funded in fiscal 2007. Local governments will receive \$584.9 million in local highway user revenues in fiscal 2007, representing a \$43.0 million increase from the prior year. In addition, local governments will receive \$25.8 million in one-time grants specified by the General Assembly at the 2005 session to partially offset a \$48.5 million reduction to fiscal 2006 highway user revenues. The Administration did not release the funds but provided a \$15 million fiscal 2006 deficiency appropriation and a \$10.8 million budget amendment for the same purpose.

Other Transportation Aid: State funding for elderly/disabled transportation grants will remain at \$4.3 million in fiscal 2007, and funding for paratransit grants will remain at \$2.8 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 Budget Reconciliation and Financing Act of 2003, directs the Maryland State Police to recover 30 percent of the State crime laboratories costs relating to evidence-testing services from local

jurisdictions. After the crime laboratory adjustment, police aid will total \$64.9 million in fiscal 2007, representing a \$1.0 million, or 1.5 percent increase from the prior year.

The General Assembly approved legislation, **SB 642/Chapter 265**, that alters the calculation of the police aid formula by increasing State funding to subdivisions bordering the District of Columbia by an amount equal to \$0.50 for each person living in Maryland within one mile of the border between Maryland and the District of Columbia. Accordingly, State aid to Montgomery and Prince George's counties will increase by approximately \$83,300 beginning in fiscal 2008.

Public Safety Grants: State funding for targeted public safety grants will total \$13.9 million in fiscal 2007. These grants include violent crime grants for Baltimore City and Prince George's County, police foot patrol and community policing grants for Baltimore City, a drug enforcement grant for Prince George's County, S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, Baltimore City war room, and the body armor grants. In addition, the Baltimore City State's Attorney Office will receive \$2.0 million in fiscal 2007 to assist in the prosecution of gun offenses and repeat violent offenders.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a nonlapsing dedicated fund that receives up to \$2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for this program will total \$2.0 million in fiscal 2007.

Fire, Rescue, and Ambulance Services: The State provides formula grants to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The grants are for equipment and renovation projects, not operating costs. The program is funded through the Maryland Emergency Medical System Operations Fund. The grant level is set at \$10.0 million in fiscal 2007.

9-1-1 Emergency Systems Grant: The State imposes a 25-cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties may only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems will remain at \$13.6 million in fiscal 2007.

Program Open Space Grants: Under Program Open Space (POS), the State provides grants to local governments for land acquisition and the development of parks and recreation facilities. The State property transfer tax funds POS and related programs. For several years, a portion of this funding was eliminated due to the State's fiscal situation. Between fiscal 2003 and 2006, over \$151 million in local Program Open Space funds were transferred to the State's

general fund in order to help close significant budgetary shortfalls. Due to the improvement in the State's fiscal outlook, local governments will receive full funding of POS grants in fiscal 2007. Local POS grants will total \$134.1 million in fiscal 2007, an \$89.4 million increase from the prior year. In addition, the General Assembly agreed to continue providing Baltimore City with a \$1.5 million special POS grant.

Disparity Grants: Disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which is the third largest revenue source for counties after State aid and property taxes. Counties with per capita local income tax revenues less than 75 percent of the State's average receive grants, assuming all counties impose a 2.54 percent local income tax rate. Aid received by a county equals the dollar amount necessary to raise the county's per capita income tax revenues to 75 percent of the State average. In fiscal 2007, Baltimore City and six counties (Allegany, Caroline, Dorchester, Garrett, Prince George's, and Somerset) qualify for disparity grants. The fiscal 2007 State budget includes \$109.5 million for disparity grants, a \$12.9 million increase from the prior year. The fiscal 2007 grant under the statute is based on population estimates for July 2004 and calendar 2004 local income tax revenues raised from a 2.54 percent local income tax rate.

Utility Property Tax Grant: Legislation restructuring Maryland's electric utility tax system was enacted in 1999 (Chapters 5 and 6 of 1999). Beginning with fiscal 2001, the legislation phases in over two years a 50 percent personal property tax exemption for machinery and equipment used to generate electricity for sale. To partially offset the revenue losses, the legislation provides \$30.6 million in grants to the 11 jurisdictions impacted by the exemption. The fiscal 2007 State budget includes full funding for these grants.

Local Voting Grants: State funding for local boards of education will total \$17.7 million in fiscal 2006 and \$3.8 million in fiscal 2007. Approximately \$13.4 million of the funds provided in fiscal 2006 is to cover the additional costs associated with early voting as set forth in SB 478/Chapter 5.

State Assumed Functions in Baltimore City

The State assumption of functions or responsibilities performed by local governments is another aspect of State/local fiscal relationships. There was considerable activity in this area in the 1970s when the State assumed the responsibility for several programs including the District Court, Medical Assistance, public assistance, and property assessments. During the 1990s, the State assumed several local government functions in Baltimore City to help reduce the city's fiscal pressures. These services included the local community college, city detention center, and the central booking facility. The cost for these assumed functions will total \$156.9 million in fiscal 2007 – an \$11.2 million, or 7.7 percent increase from the prior year.

State Mandates on Local Governments

Ten State mandates* were imposed on units of local government during the 2006 legislative session. The mandates involved community college support, elections, the environment, local government planning, transfer taxes, and wages or salaries and benefits.

Summary of State Mandates	
Community College Support	1
Elections	1
Environment	1
Local Government Planning	1
School System Requirements	2
Taxes	1
Wages/Salaries and Benefits	<u>3</u>
Total	10

***Mandate** is defined as a directive in a bill requiring a local government unit to perform a task or assume a responsibility that has a discernible fiscal impact on the local government unit (*Maryland Annotated Code*, State Government Article, § 2-1501(c)). In the following sections, legislation that imposes a State mandate is marked accordingly.

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting All/Multiple Local Jurisdictions			
SB 22	Income Tax – Subtraction Modification – Military Retirement Income (Ch. 226)	Decrease in local income tax revenues of approximately \$9.0 million in FY 2007, \$6.5 million in FY 2008, \$6.9 million in FY 2009, \$7.3 million in FY 2010, and \$7.6 million in FY 2011.	
SB 93	Income Tax – Electronic Filing and Payment (Ch. 36)	Increase in local income tax revenues of \$360,600 in FY 2007 and \$62,300 in FY 2008; beginning in FY 2009, revenues would further increase by approximately 2% annually.	
SB 94	Income Tax – Withholding – Annual Statements (Ch. 37)	Minimal increase in local income tax revenues.	
SB 105	Campaign Finance Reporting – Enforcement of Late Fees (Ch. 66)	Potential minimal increase in fine revenues.	
SB 120	Motor Fuel – Gasoline Commingling by Brand or Grade – Prohibition (Ch. 236)	Potential minimal increase in fine revenues.	
SB 144	Maryland Stem Cell Research Act of 2006 (Ch. 19)	Potential increase in fine revenues.	
SB 154/HB 189	Healthy Air Act (Ch. 23/301)	Potential increase in revenues related to any consumer benefit/strategic energy programs implemented beginning in FY 2009.	
SB 184	Vehicle Laws – Historic Motor Vehicles – Registration (Ch. 123)	Decrease in local highway user revenues of \$400 in FY 2007, \$800 in FY 2008, \$21,000 in FY 2009, and \$41,000 annually thereafter.	
SB 314	Maryland Clean Energy Incentive Act of 2006 (Ch. 129)	Decrease in local highway user revenues beginning in FY 2008.	
SB 328	Vehicle Laws – Motor Vehicles Operated Exclusively on Islands – Registration (Ch. 245)	Potential minimal impact on local highway user revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 336/HB 342	Department of Health and Mental Hygiene – Disease Prevention – Hepatitis C Virus (Ch. 249/457)	Increase in local health department grant awards of approximately \$10,000 annually in FY 2007 through 2009 and \$5,000 in FY 2010 for Hepatitis C surveillance.	
SB 371	State Board of Pharmacy – Registration of Pharmacy Technicians (Ch. 523)	Potential minimal increase in fine revenues.	
SB 373	Education – Adult External High School Program (Ch. 47)	By repealing the termination date, State aid of \$281,070 annually continues beyond FY 2006 for adult external high school programs.	
SB 379	Environment – Patuxent River Watershed (Ch. 524)	Potential significant increase in State grants for wastewater upgrades.	
SB 432	Primary and Secondary Education – School Facilities – Aging Schools Program – Grant Calculation (Ch. 252)	Increase in State aid for Aging Schools Program of \$374,362 in FY 2008 and \$1.2 million in FY 2011. State expenditures increase by the same amount.	
SB 458	Teacher Quality Act of 2006 (Ch. 434)	Increase in State aid of \$320,000 annually from FY 2008 through 2010 for school systems selected for the pilot program. Potential increase in State aid for teacher support incentives. State expenditures increase by a similar amount.	
SB 485	Maryland Building Performance Standards – Exemption in Certain Counties for Agricultural Buildings Used for Agritourism (Ch. 135)	Minimal decrease in fine or permitting revenues.	
SB 575	Community Colleges – Cade Funding Formula – Grants for English for Speakers of Other Languages Programs (Ch. 262)	Increase in State aid for community colleges of \$546,876 in FY 2007 and \$1.2 million in FY 2011. State expenditures increase by the same amount.	
SB 642	State Aid for Police Protection – Supplemental (Ch. 265)	Increase in State aid to Montgomery and Prince George’s counties of \$83,300 annually beginning in FY 2008. State expenditures increase by the same amount.	
SB 753	Rural Broadband Communication Services (Ch. 269)	Potential increase in local property tax revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 810	Residential Child Care Programs – Corporate Responsibility and Governance (Ch. 275)	Potential significant increase in fine revenues.	
SB 811	Residential Child Care Capital Grant Program (Ch. 441)	Potential significant increase in capital grants awarded.	
SB 812	Alcoholic Beverages – Limited Wine Wholesaler’s License and Nonresident Winery Permit (Ch. 111)	Potential decrease in dispensary revenues in counties operating an alcoholic beverages dispensary system.	
SB 848	Education – Educational Technology Pilot Program –Elementary Schools (Ch. 276)	Increase in State aid for five school systems of \$1.2 million in FY 2008 and \$600,000 annually thereafter. State expenditures increase by a similar amount.	
SB 860	Local Government – Investment of Other Postemployment Benefits Funds (Ch. 543)	Potential increased investment returns in post-employment benefit funds.	
SB 905	Calvert County and Charles County – Alcoholic Beverages – License for Luxury–Type Restaurants (Ch. 547)	Increase of \$2,400 annually in license fee revenues for each license issued in Calvert and Charles counties.	
SB 965/HB 666	Department of Natural Resources – Vessels – Reckless Operation – Subsequent Offenders (Ch. 147/148)	Potential minimal increase in fine revenues.	
SB 982	Property Tax Credit – Nonprofit Swim Clubs (Ch. 446)	Potential decrease in local property tax revenues of \$428,000 in FY 2007 and \$798,100 in FY 2011.	
SB 1036	Environment – Sewerage Service – Unpaid Services (Ch. 149)	Potential increase in sewer service fee revenues.	
SB 1049	Department of Health and Mental Hygiene – On-Farm Home Processing Facility – License and Fee (Ch. 286)	Potential minimal increase or decrease in license fee revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 2	Agricultural Stewardship Act of 2006 (Ch. 289)	Potential decrease in local agricultural land transfer tax revenues. Potential increase in agricultural funding for certified counties beginning in FY 2009.	
HB 51	Motor Vehicle Excise Tax – Trailers (Ch. 152)	Decrease in local highway user revenues of \$35,900 in FY 2007 and \$48,900 in FY 2008; beginning in FY 2009, revenues would further decrease by 2% annually.	
HB 60	Crimes – Visual Surveillance of Private Area of an Individual (Ch. 292)	Minimal increase in fine revenues.	
HB 114	Property Tax – Exemption – Surviving Spouse of a Veteran (Ch. 296)	Potential significant decrease in local property tax revenues beginning in FY 2007.	
HB 143	Motor Vehicles – Motorized Minibikes – Regulation (Ch. 562)	Potential increase in permit revenues.	
HB 189/SB 154	See entry for SB 154.		
HB 214	Assault Against a Law Enforcement Officer – Correctional Officer (Ch. 305)	Minimal increase in fine revenues.	
HB 257	State Treasurer – Authorized Investments – Commercial Paper (Ch. 565)	Potential increase in revenues from investments in commercial paper.	
HB 275	Homestead Tax Credit – Eligibility – Razed Property and Substantially Improved Property (Ch. 169)	Potential minimal decrease in local property tax revenues.	
HB 288	Local Property Tax – Credit for Individuals at Least 70 Years Old (Ch. 455)	Potential decrease in local property tax revenues.	
HB 342/SB 336	See entry for SB 336.		

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 353	Teachers and School Administrators – Sexual Contact with Students – Prohibition (Ch. 317)	Minimal increase in fine revenues.	
HB 354	Property Tax – Credit for Repaired or Reconstructed Dwelling (Ch. 89)	Potential decrease in local property tax revenues of \$161,200 annually for five years beginning in FY 2009.	
HB 399	Business and Economic Development – Enterprise Zones – Expansion (Ch. 173)	Potential \$1 million decrease in existing property tax revenues; potential increase in property tax revenues from new economic activity. Potential decrease in local highway user revenues.	
HB 448	Revenue Collection – Offsets (Ch. 577)	Potential increase in local income tax revenues and admissions and amusements collections in FY 2007.	
HB 495	Agriculture – Improper Transport of Horses – Prohibitions (Ch. 176)	Potential minimal increase in fine revenues.	
HB 586	Community Colleges – Funding Formulas – Adjustment (Ch. 333)	Increase in State aid for local community colleges of \$3.7 million in FY 2008 and \$48.9 million in FY 2013, when the phase-in is complete. State expenditures increase by a similar amount.	
HB 616	Vehicle Law – Recording Illegal Activity (Ch. 335)	Minimal increase in fine revenues.	
HB 666/SB 965	See entry for SB 965.		
HB 699	Agriculture – Preservation of Historic Structures (Ch. 187)	Potential increase in grant funding for historical preservations.	
HB 707	Crimes – Obscene Video Games – Prohibition on Sale, Display, or Rental to Minor (Ch. 346)	Minimal increase in fine revenues.	
HB 724	Property Tax Assessment – Agricultural Use Property – Elderly or Disabled Property Owner (Ch. 98)	Potential decrease in local property tax revenues beginning in FY 2007.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 769	Maryland Agricultural Land Preservation Foundation – Easements – Program Requirements (Ch. 192)	Potential decrease in property tax revenues.	
HB 794	Education – Maryland Alternative Teaching Opportunity Program (Ch. 474)	Increase in State aid of \$75,000 in FY 2007 and about \$150,000 in FY 2008 and annually thereafter for alternative teaching opportunity stipends. State expenditures increase by a similar amount.	
HB 941	Enterprise Zones – Property Tax Credits After Expiration of Designation of Enterprise Zone (Ch. 362)	Potential decrease in local property tax revenues beginning in FY 2007.	
HB 994	Income Tax – U.S. Government Employees’ Foreign Earned Income (Ch. 368)	Decrease in local income tax revenues of \$540,300 in FY 2008, \$544,300 in FY 2009, and \$548,300 in FY 2010.	
HB 1024	Jury Selection and Service (Ch. 372)	Potential minimal increase in fine revenues.	
HB 1036	Assisted Living Programs – Prohibited Acts, Penalties, and Quality Account (Ch. 478)	Potential minimal increase in fine revenues.	
HB 1130	Education – Adult Education and Literacy Services – Funding (Ch. 380)	Increase in State aid of \$1.5 million annually from Literacy Works Grants beginning in FY 2008. State expenditures increase by the same amount.	
HB 1215	Baltimore City Public School System (Ch. 59)	Potential significant decrease in federal school aid in FY 2007. Baltimore City only: Potential increase in school bond revenues of \$25 million in FY 2007.	
HB 1275	Property Tax – Assessment of Conservation Property (Ch. 489)	Potential decrease in local property tax revenues of \$205,400 in FY 2007 and \$263,200 in FY 2011.	
HB 1380	Libraries – County Library Capital Project Grants (Ch. 494)	Increase in State aid for library capital projects of \$5 million annually beginning in FY 2008. State expenditures increase by a similar amount.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1391	Tax Credits for Individuals Facing Employment Barriers (Ch. 394)	Decrease in local highway user revenues of \$24,700 in FY 2007, \$35,800 in FY 2008, and \$13,700 annually in FY 2009 through 2011.	
HB 1435	Higher Education – Financial Assistance – Community College Access Initiative (Ch. 496)	Potential increase in community college tuition revenues beginning in FY 2007. Potential increase in State aid for community colleges beginning in FY 2009, with State expenditures increasing by the same amount.	
HB 1467	Maryland Cares (Ch. 400)	One-time increase in local area agency on aging awards of \$2.0 million; local expenditures increase by the same amount. In addition, State revenues and expenditures increase by the same amount.	
HB 1487	Rural Maryland Prosperity Investment Fund (Ch. 621)	Potential increase in State grants for rural areas.	
HB 1532	Property Tax Credit – Structures Using Qualifying Energy Conservation Devices for Electricity Generation (Ch. 403)	Potential decrease in local property tax revenues beginning in FY 2007.	
HB 1668	State Police Helicopter Replacement Fund and Volunteer Company Assistance Fund – Moving Violations – Surcharges (Ch. 416)	Increase in grant allocations to local volunteer fire and rescue companies	

Special Session

HB 2	Sexual Offenders – Supervision, Notifications, and Penalties (Ch. 4)	Increase in local law enforcement revenues due to State reimbursement for the costs associated with processing registration statements and the reasonable costs of implementing community notification procedures.	
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Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
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Legislation Affecting Local Governments by Subdivision

Allegany County

HB 279	Allegany County Agricultural Expo and Fairgrounds Loan of 1999 (Ch. 87)	Potential increase in property, amusement, and other tax revenues.	
HB 426	Allegany County – Property Tax Credit – Allegany County Agricultural Expo , Inc. (Ch. 323)	Minimal decrease in county property tax revenues beginning in FY 2007.	
HB 1612	Allegany County – Micro-Breweries – Retail Off-Sale Privileges (Ch. 209)	Increase of \$800 in license fee revenues for each new license issued.	

Anne Arundel County

SB 861	Maryland Consolidated Capital Bond Loan of 1999 – Local Jails and Detention Centers – Anne Arundel County Detention Center (Ch. 544)	County is eligible to use remaining money from State grant for county detention facility improvements.	
HB 1454	Anne Arundel County – Alcoholic Beverages – Deluxe Restaurant License (Ch. 206)	Increase of \$1,000 in license fee revenues for each new license issued.	

Baltimore City

SB 78	Baltimore City – Alcoholic Beverages – Class C License in Highlandtown Arts and Entertainment District (Ch. 506)	Increase in license fee revenues of \$950 in FY 2007 and \$550 annually thereafter.	
SB 90	Baltimore City – Alcoholic Beverages – Public Hearing on License Transfers (Ch. 509)	Potential minimal increase in fee revenues.	
SB 1100	Baltimore City -- Alcoholic Beverages – Golf Course License (Ch. 556)	Increase in license fee revenues of \$1,500 annually beginning in FY 2007.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Baltimore County</i>			
SB 729	Redhouse Run Stormwater Systems Loan of 1984 (Ch. 533)	County continues to be eligible to receive approximately \$522,000 from State grant.	
HB 606	Baltimore County Historical Trust – Distribution of Marriage Ceremony Fee (Ch. 582)	Increase of \$14,000 in FY 2007 and \$18,700 annually thereafter. State revenues decrease by the same amount.	
HB 1304	Baltimore County – Gaming – Casino Events (Ch. 616)	Potential minimal increase in permit fee revenues.	
HB 1514	Baltimore County – Admissions and Amusement Tax – Exemptions (Ch. 402)	Minimal decrease in admissions and amusement tax revenues.	
HB 1702	Baltimore County – Alcoholic Beverages – Class B (B, W, L) (TSB) Restaurant-Service Bar Licenses (Ch. 214)	Potential increase of \$3,000 annually in license fee revenues.	
<i>Calvert County</i>			
HB 1181	Calvert County – Public Facilities Bonds (Ch. 105)	Increase in bond revenues of up to \$26.1 million.	
HB 1183	Calvert County – Property Tax Credits – Economic Development (Ch. 201)	Potential decrease in county property tax revenues.	
<i>Carroll County</i>			
SB 400	Carroll County – Public Facilities Bonds (Ch. 75)	Increase in bond revenues of up to \$52 million.	
<i>Cecil County</i>			
SB 204	Property Tax Credit – Fire Companies – Cecil County (Ch. 124)	Decrease in county and municipal property tax revenues of \$5,800 in FY 2007 and \$6,900 in FY 2011.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 502	Property Tax Credit – Little Leagues – Cecil County (Ch. 177)	Potential decrease in local property tax revenues of \$6,300 in FY 2007 and \$8,500 in FY 2011.	
HB 634	Cecil County – Alcoholic Beverages – Wine Festival License (Ch. 185)	Potential minimal increase in license fee revenues.	
HB 838	Cecil County – Public Facilities Bonds (Ch. 193)	Increase in bond revenues of up to \$36.1 million.	
<i>Charles County</i>			
HB 7	Charles County – Property Tax – Payment Deferral (Ch. 291)	Potential minimal decrease in county property tax revenues.	
<i>Dorchester County</i>			
SB 1039	Dorchester County – Water and Sewerage Systems – Benefit Assessments and Connection Charges (Ch. 150)	Potential increase in benefit assessment revenues; expenditures increase by the same amount.	
HB 689	Dorchester County – Alcoholic Beverages – Bottle Clubs (Ch. 343)	Minimal increase in fine revenues.	
<i>Frederick County</i>			
HB 259	Frederick County – Special Beer Festival (Ch. 168)	Potential minimal increase in license fee revenues.	
HB 477	Frederick County – Community Development Authorities (Ch. 175)	Increase in special tax and bond revenues to the extent enhanced authority is exercised.	
HB 567	Frederick County – Firefighting, Rescue, and Ambulance Services (Ch. 94)	Potential increase in fire tax revenues to cover expenditures related to fire and rescue service costs charged to the county’s special fire tax fund.	
HB 725	Frederick County – Alcoholic Beverages – Beer, Wine, and Liquor License (Ch. 189)	Potential minimal increase in license fee revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 726	Frederick County – Alcoholic Beverages Sales – Tuscarora District (Ch. 190)	Potential increase in license fee revenues.	
HB 1641	Frederick County – Alcoholic Beverages – Beer and Wine Sampling or Tasting License (Ch. 213)	Potential increase of \$950 annually in license fee revenues from fee increase.	
<i>Garrett County</i>			
SB 342	Garrett County – Beer Tax – Repeal (Ch. 131)	Decrease in revenues of approximately \$150,000 annually beginning in FY 2007.	
HB 440	Garrett County – Property Tax Credit – Adventure Sports Center, Inc. (Ch. 325)	Decrease in county property tax revenues of \$8,400 in FY 2007 and \$10,400 in FY 2011.	
<i>Harford County</i>			
SB 443	Harford County – Alcoholic Beverages – Class B (Inn) License and Class BFD (Fine Dining) License (Ch. 132)	Potential increase in license fee revenues from issuing new or upgrading licenses.	
HB 1566	Harford County – Property Tax Credit – Family Farms – Child Lot Exclusions (Ch. 406)	Potential decrease in county property tax revenues of \$6,000 annually beginning in FY 2007.	
HB 1626	Harford County – Alcoholic Beverages – Class B Restaurant Beer, Wine and Liquor Licenses Within an Integrated Community Shopping Center – Exception (Ch. 211)	Increase of up to \$3,000 in license fee revenues (depending on the type of license) for each license issued.	
<i>Howard County</i>			
HB 291	Howard County – Marriage License Fee – Increase Ho. Co. 18-06 (Ch. 566)	Increase in license fee revenues; the amount would vary depending on the number of licenses issued and the additional fee charged (up to \$50 from \$25).	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 902	Howard County – Alcoholic Beverages – Multiple Licenses Ho. Co. 09-06 (Ch. 195)	Potential increase in license fee revenues.	
<i>Montgomery County</i>			
HB 657	Montgomery County – Housing Opportunities Commission – Powers MC 611-06 (Ch. 339)	Potential increase in consulting fee revenues.	
HB 1006	Real Property – Condominium Conversions – Income Eligibility for Extended Leases – Purchase of Rental Facility by Local Government or Housing Agency (Ch. 370)	Potential minimal decrease in county and municipal property tax revenues.	
HB 1205	Legislative Community Initiatives Loan of 2004 – Montgomery County – Kensington Recreation Center (Ch. 608)	County has two additional years to qualify for State grant.	
<i>Prince George’s County</i>			
HB 919	Prince George’s County – Alcoholic Beverages – Additional Licenses PG 318-06 (Ch. 592)	Increase in license fee revenues of \$60,300 in FY 2007 and \$41,400 annually thereafter.	
HB 1026	Prince George’s County – Transfer Tax – County And Municipal Police Officers PG 408-06 (Ch. 373)	Decrease of \$380,100 annually in transfer tax revenues.	X
HB 1564	Prince George’s County – Greenbelt Community Center Loan of 2001 (Ch. 625)	City of Greenbelt has an additional \$300,000 for renovation of Greenbelt Community Center.	
<i>Somerset County</i>			
HB 202	Somerset County – Alcoholic Beverages – License Fees and Miscellaneous Provisions (Ch. 302)	Increase of \$5,900 annually in license fee revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>St. Mary's County</i>			
HB 357	St. Mary's County – Alcoholic Beverages – Beer and Wine Tasting or Sampling (Ch. 318)	Potential increase in license fee revenues.	
HB 358	St. Mary's County – Special Taxing Districts – Creation (Ch. 319)	Increase in special tax and bond revenues to the extent enhanced authority is exercised.	
HB 373	St. Mary's County – Impact Fees (Ch. 321)	Decrease of up to \$585,000 annually in county building impact fee revenues.	
HB 429	St. Mary's County – Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities (Ch. 324)	Increase in bond revenues of up to \$2 million.	
HB 623	St. Mary's County – Property Tax Credit for Individuals Over Age 70 – Extension of Sunset (Ch. 336)	Decrease in county property tax revenues in FY 2009 and 2010.	
<i>Talbot County</i>			
HB 351	Talbot County – Hotel Rental Tax Rate (Ch. 316)	Increase of \$238,750 in hotel tax revenues beginning in CY 2007: \$171,250 to municipalities and \$67,500 to Talbot County.	
<i>Washington County</i>			
HB 731	Washington County – Tax Credit for Businesses That Create New Jobs (Ch. 191)	Potential decrease in county property tax revenues beginning in FY 2008.	
HB 1065	Washington County – Property Tax Credit (Ch. 376)	Potential decrease in county property tax revenues in FY 2007.	
HB 1407	Washington County – Building Excise Tax (Ch. 204)	Increase in county building excise tax revenues from nonresidential construction.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1655	Washington County Health Officer – Civil Citations (Ch. 414)	Potential minimal increase in fine revenues.	
<i>Wicomico County</i>			
SB 613	Wicomico County – Alcoholic Beverages – Class B-Conference Center License (Ch. 138)	Increase of \$400 annually for each license issued, currently one.	
SB 616	Wicomico County – Alcoholic Beverages – Stadium License (Ch. 141)	Increase of \$500 annually for each license issued, currently one.	
SB 618	Wicomico County – Alcoholic Beverages – Wine Festival License (Ch. 143)	Increase of \$500 annually in license fee revenues.	
SB 619	Wicomico County – Alcoholic Beverages Violations – Maximum Fine (Ch. 144)	Increase of up to \$69,000 annually in fine revenues.	
<i>Worcester County</i>			
HB 532	Worcester County – Alcoholic Beverages – Class D Licenses (Ch. 579)	Increase of up to \$33,600 annually from issuing more licenses.	
HB 1085	Worcester County – Caterer’s License – Holders of Class D Beer, Wine, and Liquor Licenses (Ch. 603)	Increase of \$2,500 annually from issuing new caterer’s licenses.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting All/Multiple Local Jurisdictions			
SB 25/HB 1056	Family Law – Domestic Violence – Address Confidentiality Program (Ch. 375/374)	Potential minimal increase in incarceration costs.	
SB 109	State Government – Forms Management – Extension of Implementation Date for School Data (Ch. 234)	Delay from FY 2006 to 2008 in significant computer reprogramming and staff training expenditures for local school systems.	
SB 112	Campaign Finance Entities – Organization and Reporting (Ch. 510)	Potential decrease in administrative costs.	
SB 120	Motor Fuel – Gasoline Commingling by Brand or Grade – Prohibition (Ch. 236)	Potential minimal increase in incarceration costs.	
SB 125	Falsifying and Altering Permits, Licenses, and Certificates – Criminal Penalties (Ch. 116)	Potential increase in incarceration costs.	
SB 126	Department of Housing and Community Development – Partnership Rental Housing Program – Individuals with Disabilities (Ch. 117)	Potential decrease in expenditures due to removal of match requirement; potential increase in expenditures if easing of restrictions results in increased local participation.	
SB 127	Department of Housing and Community Development – Multifamily Rental Housing Programs (Ch. 118)	Potential increase in expenditures if expansion of eligibility results in increased local participation.	
SB 144	Maryland Stem Cell Research Act of 2006 (Ch. 19)	Potential minimal increase in incarceration costs.	
SB 154/HB 189	Healthy Air Act (Ch. 23/301)	Potential energy savings.	
SB 238	State Department of Education – Comprehensive Induction Programs – Guidelines (Ch. 241)	Potential increase in teacher mentoring and professional development costs for local school systems beginning in FY 2008.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 280	Alcoholic Beverages – Removal of a Partially Consumed Bottle of Wine from a Licensed Premises (Ch. 127)	Potential minimal increase in alcoholic beverages license monitoring costs.	
SB 288	Vehicle Laws – Race-Based Traffic Stops – Sunset Extension and Reporting Requirements (Ch. 25)	By extending the termination date, minimal costs continue for an additional year.	
SB 291	Crimes – Restitution – Victims and Payments (Ch. 429)	Potential decrease in local expenditures due to restitution awarded by courts to local or multicounty governmental entities.	
SB 371	State Board of Pharmacy – Registration of Pharmacy Technicians (Ch. 523)	Potential minimal increase in incarceration costs.	
SB 373	Education – Adult External High School Program (Ch. 47)	By repealing the termination date, the local match for grants continues beyond FY 2006.	
SB 379	Environment – Patuxent River Watershed (Ch. 524)	Potential significant increase in costs to upgrade wastewater treatment plants.	X
SB 382	Property Tax – Homeowners’ Property Tax Credit And Renters’ Property Tax Relief (Ch. 27)	Potential decrease in expenditures in jurisdictions with a Homeowners’ Tax Credit Supplement Program.	
SB 468	Criminal Law – Credit Card Crimes – Use of Affidavit by Credit Cardholder in Criminal Case or Juvenile Proceeding (Ch. 257)	Potential savings from fewer contested hearings and fewer personal appearances by witnesses.	
SB 491	Health Insurance – Coverage for Home Visits After Mastectomy or Surgical Removal of a Testicle – Repeal of Sunset (Ch. 259)	By repealing the termination date, expenditures continue for certain employee health benefits.	
SB 600	Education – Audiologists and Speech-Language Pathologists – Licensing Fee Reimbursement (Ch. 436)	Increase of \$20,100 in odd-numbered fiscal years and \$223,464 in even-numbered years for licensing fee reimbursements paid by local school systems.	X

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 794/HB 819	Procurement – eMaryland Marketplace (Ch. 273/274)	Potential increase in fee payments.	
SB 965/HB 666	Department of Natural Resources – Vessels – Reckless Operation - Subsequent Offenders (Ch. 147/148)	Potential minimal increase in incarceration costs.	
HB 11	Crimes –Inflicting Unnecessary Suffering or Pain On Animals – Prohibition (Ch. 448)	Potential minimal increase in incarceration costs.	
HB 55	Labor and Employment – Minimum Wage – Application (Ch. 557)	Potential minimal increase in local government labor costs beginning in FY 2007.	X
HB 60	Crimes – Visual Surveillance of Private Area of an Individual (Ch. 292)	Minimal increase in incarceration costs.	
HB 84	Court of Special Appeals – Right of Appeal from Circuit Court In Banc (Ch. 421)	Minimal increase in expenditures to publicize proposed constitutional amendment.	
HB 109	Maryland Department of the Environment – Sound Level Meters – Use by Counties (Ch. 561)	Potential minimal increase in training and pick up/drop off costs for participating counties.	
HB 143	Motor Vehicles – Motorized Minibikes – Regulation (Ch. 562)	Potential increase in expenditures to implement a permitting program.	
HB 189/SB 154	See entry for SB 154.		
HB 191	Workers’ Compensation – Governmental Self-Insurance Group and Self-Insurance by Individual Employers (Ch. 163)	Increase of \$1,000 annually for self-insured governments to cover workers’ compensation assessments.	
HB 214	Assault Against a Law Enforcement Officer – Correctional Officer (Ch. 305)	Minimal increase in incarceration costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 245	Insurance – Prior Approval Rating Law – Exempt Commercial Policyholders (Ch. 564)	Potential minimal savings in insurance costs for municipal corporations.	
HB 353	Teachers and School Administrators – Sexual Contact with Students – Prohibition (Ch. 317)	Minimal increase in incarceration costs.	
HB 388	Wage Payments – Prohibition of Printing Social Security Numbers (Ch. 458)	Potential minimal one-time expense to remove SSN from pay information.	
HB 437	Somerset, Wicomico, and Worcester Counties – School Buses – Length of Operation – Sunset Extension (Ch. 576)	Potential decrease in student transportation contract costs in Somerset, Wicomico, and Worcester counties.	
HB 460	Maryland Agricultural Land Preservation Foundation – Restrictions of Released Lots (Ch. 174)	Potential administrative savings.	
HB 475	Correctional Services – Correctional Units – Mutual Aid Agreements (Ch. 91)	Minimal impact on operational efficiencies and overtime costs, depending on the nature of the emergencies and the agreements.	
HB 524	Criminal Offenses – Driving Without a License – Arrest and Penalties (Ch. 329)	Potential minimal increase in incarceration costs.	
HB 569	Education – County Boards of Education – Competitive Bidding (Ch. 95)	Potential decrease in school system advertising costs. Potential minimal increase in school system procurement costs.	
HB 616	Vehicle Law – Recording Illegal Activity (Ch. 335)	Minimal increase in incarceration costs.	
HB 666/SB 965	See entry for SB 965.		
HB 653	Juvenile Law – Informal Adjustment – Substance Abuse Treatment Program (Ch. 465)	Potential decrease in circuit court expenditures due to fewer juvenile cases.	
HB 707	Crimes – Obscene Video Games – Prohibition on Sale, Display, or Rental to Minor (Ch. 346)	Minimal increase in incarceration costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 769	Maryland Agricultural Land Preservation Foundation – Easements – Program Requirements (Ch. 192)	Potential significant increase in local match. FY 2007 budget assumes \$5 million increase in matching funds.	
HB 794	Education – Maryland Alternative Teaching Opportunity Program (Ch. 474)	Potential increase in school expenditures for alternative teaching opportunity stipends.	
HB 819/SB 794	See entry for SB 794.		
HB 850	Crimes – Burial, Memorial Service, Funeral, or Funeral Procession (Ch. 357)	Minimal increase in incarceration costs.	
HB 960	Housing Authorities – Entities to Undertake Housing Projects (Ch. 596)	Potential minimal impact on expenditures if local housing authorities form limited liability companies.	
HB 985	State Budget – Funding for Circuit Court Law Clerks (Ch. 366)	Decrease of \$1.9 million in FY 2007 and \$2.1 million in FY 2011 for personnel and related costs. State expenditures increase by the same amount.	
HB 1024	Jury Selection and Service (Ch. 372)	Potential savings due to electronic delivery of summons. Potential minimal increase in compliance expenditures.	
HB 1036	Assisted Living Programs – Prohibited Acts, Penalties, and Quality Account (Ch. 478)	Potential minimal increase in incarceration costs.	
HB 1056/SB 25	See entry for SB 25.		
HB 1130	Education – Adult Education and Literacy Services – Funding (Ch. 380)	Increase in adult education costs of \$500,000 annually beginning in FY 2008 to match grants.	
HB 1141	Land Use – Local Government Planning (Ch. 381)	Potential significant increase in planning-related costs.	X
HB 1160	Workforce Housing Grant Program – Establishment (Ch. 483)	Potential increase in expenditures due to increased administrative costs and a matching fund requirement.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1175	Crimes – Knowing Sale or Issuance of False Identification Card or Document – Penalties (Ch. 486)	Potential minimal increase in incarceration costs.	
HB 1200	High Schools – Automated External Defibrillators Program – Requirements (Ch. 203)	Increase of \$497,000 in FY 2007 school expenditures for purchase of automated external defibrillators and related expenses. Increase in costs in future years for maintenance, replacement, recertification, and training.	X
HB 1301	Telephone Privacy Act of 2006 (Ch. 491)	Potential minimal increase in incarceration costs.	
HB 1368	Election Law – Voter Bill of Rights (Ch. 61)	Significant increase in local election board costs.	X
HB 1380	Libraries – County Library Capital Project Grants (Ch. 494)	Potential increase in library capital expenditures to match grants.	
HB 1405	Health Insurance – Coverage for Part-Time Students With Disabilities (Ch. 395)	Potential expenditure increase for certain employee health benefits.	
HB 1432	Education – Residential Boarding Education Programs – At-Risk Youth (Ch. 397)	Increase in school expenditures of \$821,000 in FY 2009 and \$2.1 million in FY 2011 to pay tuition for students attending the boarding school. State special fund revenues and expenditures increase by the same amount.	
HB 1467	Maryland Cares (Ch. 400)	One-time increase in local area agency on aging expenditures of \$2.0 million; local revenues increase by the same amount. In addition, State revenues and expenditures increase by the same amount.	
HB 1495	Education – Student Behavioral Intervention and Support Programs – Applicability (Ch. 500)	Increase in school expenditures of \$36,000 in FY 2007, increasing to \$253,000 by FY 2010.	
HB 1676	Lead Poisoning – Lead Testing (Ch. 418)	Potential increase in local health department case management services costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1737	State Employees' and Teachers' Retirement Enhancement Benefit Act of 2006 (Ch. 110)	Potential significant increase in employer pension contributions.	

Special Session

HB 2	Sexual Offenders – Supervision, Notifications, and Penalties (Ch. 4)	Potential minimal increase in incarceration costs; increase in costs to process registration statements and implement community notification, which likely would be offset by reimbursement from the State. In addition, any such registration and notification costs could be offset by grants to local law enforcement as the FY 2007 budget includes \$850,000 for sex offender registration, compliance verification, and enforcement.	
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Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
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Legislation Affecting Local Governments by Subdivision

Allegany County

SB 185	City of Frostburg Employees – Participation in the Employees’ Pension System (Ch. 239)	Increase of \$115,900 annually in employer pension contributions.	
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Anne Arundel County

HB 105	Anne Arundel County – Orphans’ Court Judges – Salary Increase (Ch. 559)	Increase of \$12,900 in FY 2007, \$29,100 in FY 2008, and \$32,300 annually thereafter for personnel costs.	
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HB 1454	Anne Arundel County – Alcoholic Beverages – Deluxe Restaurant License (Ch. 206)	Increase in personnel costs of \$13,300 in FY 2007 and \$10,300 annually thereafter, reflecting the cost of hiring an additional inspector.	
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Baltimore City

SB 90	Baltimore City – Alcoholic Beverages – Public Hearing on License Transfers (Ch. 509)	Potential minimal increase in hearing-related costs.	
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SB 245	Baltimore City – Highway User Revenues – Authorized Use (Ch. 513)	By extending the authority to use local highway user revenues for this purpose through FY 2010, \$3.6 million continues to be used to subsidize student transportation fares.	
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SB 287	Baltimore City – Orphans’ Court Judges – Retirement Allowances (Ch. 515)	Increase of \$3,675 in FY 2007 and \$6,250 annually thereafter for pension benefits.	
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SB 313	Community Colleges – Baltimore City Community College – Governance (Ch. 244)	Increase of \$200,000 annually for support of Baltimore City Community College beginning in FY 2007. State higher education revenues and expenditures increase by the same amount.	X
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SB 985	Election Law – Baltimore City Board of Elections – Compensation for Substitute Board Members and Election Judges (Ch. 551)	Increase of at least \$79,495 per election for increased compensation of election judges and \$1,500 annually beginning in FY 2008 for increased compensation of substitute members of the board of elections.	
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Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1215	Baltimore City Public School System (Ch. 59)	Potential increase in school board expenditures of \$25 million in FY 2007; increase in school debt service of \$2.4 million annually beginning in FY 2008.	
HB 1503	Baltimore City – Sheriff’s Office – Appointed Positions (Ch. 401)	Potential increase in personnel costs of \$386,300 in FY 2007 and \$586,900 in FY 2011 to create 10 new positions in the Baltimore City Sheriff’s Office.	
<i>Baltimore County</i>			
SB 301	Baltimore County – Sheriff – Salary Increase (Ch. 517)	Increase of \$3,100 in FY 2007 and \$25,000 in FY 2011 for personnel costs.	
HB 1724	Baltimore County – Sheriff’s Office – Collective Bargaining (Ch. 635)	Potential increase in personnel costs; the magnitude of any increase depends on the negotiated final agreement.	
<i>Calvert County</i>			
SB 903	Calvert County – County Officials – Salaries (Ch. 546)	Increase of \$21,300 in FY 2007 and \$67,300 annually beginning in FY 2010 for personnel costs.	
HB 1181	Calvert County – Public Facilities Bonds (Ch. 105)	Increase in debt service costs of up to \$2 million annually for 20 years.	
HB 1605	Calvert County Board of Education – Elected Members – Health Insurance Coverage (Ch. 208)	Increase of approximately \$38,000 annually to provide health insurance for board members.	X
<i>Caroline County</i>			
HB 341	Caroline County – Board of License – Commissioners Salaries (Ch. 314)	Increase of at least \$3,511 annually for personnel costs at the start of the new term.	
HB 345	Caroline County – Orphans’ Court Judges – Salaries (Ch. 315)	Increase of at least \$940 in FY 2007 and at least \$1,620 annually thereafter for personnel costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Carroll County</i>			
SB 400	Carroll County – Public Facilities Bonds (Ch. 75)	Increase in debt service costs of up to \$4 million annually for 20 years.	
HB 552	Carroll County – Sheriff’s Salary (Ch. 179)	Increase of \$5,100 in FY 2007 and \$14,700 in FY 2011 for personnel costs.	
HB 668	Carroll County – Local Government Tort Claims Act –Inclusion of Specified Nonprofit Entities (Ch. 186)	Decrease in expenditures due to decrease in insurance premiums for specific entities.	
<i>Cecil County</i>			
HB 209	Cecil County – Workers’ Compensation – Students In Unpaid Work-Based Learning Experiences (Ch. 563)	Minimal decrease in reimbursements for workers’ compensation.	
HB 838	Cecil County – Public Facilities Bonds (Ch. 193)	Increase in debt service costs of up to \$2.8 million annually for 20 years.	
<i>Charles County</i>			
HB 609	Charles County – Orphans’ Court Judges – Salary (Ch. 183)	Increase of \$5,700 in FY 2007 and \$9,900 annually thereafter for personnel costs.	
HB 611	Charles County – Salary of State’s Attorney (Ch. 184)	Increase of \$14,300 in FY 2007 and \$34,100 annually beginning in FY 2009 for personnel costs.	
<i>Dorchester County</i>			
SB 1039	Dorchester County – Water and Sewerage Systems – Benefit Assessments and Connection Charges (Ch. 150)	Potential increase in capital/repair costs; revenues increase by the same amount.	
HB 680	Dorchester County – Orphans’ Court – Compensation of Judges (Ch. 341)	Increase of at least \$2,300 in FY 2007 and at least \$4,000 annually thereafter for personnel costs. Potential minimal increase in judges’ expense allowances.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1537	Dorchester County – Transfer Tax Revenues – Use for Costs of School Buildings (Ch. 404)	Potential significant increase in school building expenditures due to the new funding source for such costs.	
HB 1687	Dorchester County Board of Education – Commencement of Member’s Term of Office Following Election (Ch. 420)	Decrease in board of education expenditures of \$267 in FY 2007.	
<i>Frederick County</i>			
HB 153	Frederick County – State’s Attorney – Salary (Ch. 158)	Increase of \$7,200 in FY 2007 and \$15,500 annually beginning in FY 2009 for personnel costs.	
HB 477	Frederick County – Community Development Authorities (Ch. 175)	Increase in expenditures for financing infrastructure improvements and debt service to the extent enhanced authority is exercised.	
HB 561	Frederick County – Building Excise Tax – Road Projects (Ch. 181)	A portion of county expenditures for public road facilities could be funded with building excise tax revenues.	
HB 567	Frederick County – Firefighting, Rescue, and Ambulance Services (Ch. 94)	If the county commissioners vote to do so, more operating expenditures related to fire and rescue services could be charged to the county’s special fire tax fund instead of the county’s general fund.	
HB 1628	Frederick County – Board of Education – Compensation (Ch. 212)	Increase in board of education compensation of \$18,608 in FY 2007, increasing to \$55,000 in FY 2010 and annually thereafter.	
<i>Harford County</i>			
SB 656	Harford County – Alcoholic Beverages Licenses – Residency Requirement for Applicants (Ch. 530)	Potential decrease of \$1,500 to \$6,000 annually for residence verification costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Howard County</i>			
HB 1144	Workers' Compensation – Permanent Partial Disability – Howard County Deputy Sheriffs Ho. Co. 21-06 (Ch. 605)	Increase of \$30,600 annually for workers' compensation awards.	
<i>Kent County</i>			
HB 370	Kent County – State's Attorney – Salary (Ch. 171)	Increase of \$7,800 in FY 2007 and \$16,800 annually beginning in FY 2009 for personnel costs.	
<i>Montgomery County</i>			
HB 791	Montgomery County – Sheriff's Office – Collective Bargaining MC 601-06 (Ch. 585)	Increase of approximately \$18,750 beginning in FY 2007 to administer expanded collective bargaining. Potential increase in personnel costs; the magnitude of the increase in personnel expenditures due to expansion of collective bargaining depends on the negotiated final agreement.	X
<i>Prince George's County</i>			
HB 915	Prince George's County – Orphans' Court – Compensation of Judges PG 303-06 (Ch. 591)	Increase of approximately \$10,600 in FY 2007 and \$21,100 annually thereafter for personnel costs.	
HB 1028	Prince George's County – Office of the Sheriff – Salary and Expenses PG 302-06 (Ch. 599)	Increase of \$18,700 in FY 2007 and \$52,000 in FY 2011 for personnel costs and expense allowance increases.	
<i>Queen Anne's County</i>			
HB 338	Queen Anne's County – Board of Education – Selection of Members (Ch. 313)	Potential minimal increase in ballot costs in FY 2007. Potential increase in board of education personnel costs of \$3,900 in FY 2009 and \$7,800 annually thereafter.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Somerset County</i>			
HB 92	Somerset County – Sheriff – Salary (Ch. 153)	Increase of \$8,300 in FY 2007 and \$14,200 annually thereafter for personnel costs.	
HB 100	Somerset County – State’s Attorney – Salary (Ch. 154)	Increase of \$4,800 in FY 2007 and \$8,200 annually thereafter for personnel costs.	
HB 101	Somerset County – Orphans’ Court Judges – Salary (Ch. 155)	Increase of \$3,600 in FY 2007 and \$6,100 annually thereafter for personnel costs.	
HB 202	Somerset County – Alcoholic Beverages – License Fees and Miscellaneous Provisions (Ch. 302)	Increase of \$5,400 annually for personnel costs.	
<i>St. Mary’s County</i>			
HB 358	St. Mary’s County – Special Taxing Districts – Creation (Ch. 319)	Increase in expenditures for financing infrastructure improvements and debt service to the extent enhanced authority is exercised.	
HB 429	St. Mary’s County – Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities (Ch. 324)	Increase in debt service costs of up to \$153,000 annually for 20 years.	
<i>Washington County</i>			
HB 1655	Washington County Health Officer – Civil Citations (Ch. 414)	Potential minimal decrease in expenditures due to cases being transferred out of circuit court.	
<i>Wicomico County</i>			
SB 608	Wicomico County – Orphans’ Court – Compensation of Judges (Ch. 263)	Increase of \$5,800 in FY 2007 and \$9,900 annually thereafter for personnel costs.	

Chapter Five – Vetoed Legislation

Vetoed Legislation

The following is a list of all bills passed by the 2006 General Assembly, vetoed by the Governor for technical and policy reasons, and not enacted by the General Assembly through veto overrides. For each bill that would have had an effect on State finances, the impact is described briefly.

SB 333/HB 1287 Prescription Drug Monitoring Program

Would have increased general and federal fund expenditures by a total of \$831,900 in fiscal 2007 and \$446,900 in fiscal 2008, increasing annually thereafter with inflation.

SB 461/HB 539 Voters' Rights Protection Act – Clarification

Could have increased general fund revenues and expenditures beginning in fiscal 2007 due to penalty provisions in the bill.

SB 998 Maryland Higher Education Commission – Review of Duplicative Academic Programs

Would have increased general fund expenditures by \$2 million in fiscal 2007 only due to contingency language in the fiscal 2007 State budget. Could have increased general fund expenditures for legal costs in future fiscal years.

HB 128 Baltimore City – Housing – Proposed Development – Notice to Community Association

HB 514 Criminal Procedure – Supervised Probation – Exemptions from Program and Supervision Fees

HB 605 State Personnel – Collective Bargaining – Revisions

Would have increased general fund expenditures by \$240,000 in fiscal 2007 and \$8,000 annually thereafter.

