

EFFECT OF THE 2015 LEGISLATIVE PROGRAM ON THE FINANCIAL CONDITION OF THE STATE



DEPARTMENT OF LEGISLATIVE SERVICES 2015

**Effect of the 2015 Legislative Program
on the
Financial Condition of the State**

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

July 2015

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

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July 2015

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

State law requires the Department of Legislative Services to annually prepare a report that summarizes the effect of the preceding legislative program on State and local governments (State Government Article, Section 2-1237). In accordance with this requirement, I am pleased to submit the following report, *Effect of the 2015 Legislative Program on the Financial Condition of the State*.

This document is divided into five chapters.

Chapter 1 highlights the major components of the fiscal 2016 operating budget (**House Bill 70/Chapter 310**).

Chapter 2 summarizes the fiscal 2016 capital budget program, including the 2015 capital budget bill (**House Bill 71/Chapter 495**).

Chapter 3 identifies enacted legislation from the 2015 session other than **House Bill 70 and 71** that affects State revenues or expenditures. The revenue and expenditure effects of the legislation are summarized, as are the number of regular and contractual positions required to implement the legislation.

Chapter 4 identifies enacted legislation from the 2015 session that affects local governments. This chapter also identifies State mandates on units of local government and provides an overview of State aid to local governments.

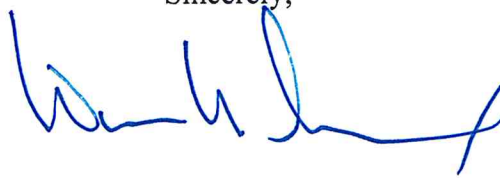
Chapter 5 identifies 2015 bills vetoed by the Governor for policy reasons and the bills' associated fiscal impact if they had been enacted.

Further information on issues considered during the 2015 session may be found in *The 90 Day Report – A Review of the 2015 Legislative Session*, issued by the Department of Legislative Services following the adjournment of the General Assembly.

The Honorable Thomas V. Mike Miller, Jr.
The Honorable Michael E. Busch
Members of the Maryland General Assembly
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The enclosed report is prepared by the staff of the Office of Policy Analysis. The work was coordinated by Scott Kennedy with additional assistance provided by Jennifer Botts, Mya Dempsey, Richard Duncan, Patrick Frank, Scott Gates, David Juppe, Kathleen Kennedy, Matthew Klein, and John Rohrer. 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.

Sincerely,



Warren G. Deschenaux
Director

WGD/mpd

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Abbreviations

BOND	–	Bond
Ch.	–	Chapter
FF	–	Federal Fund
FY	–	Fiscal Year
GF	–	General Fund
HB	–	House Bill
HE	–	Higher Education
M-NCPPC	–	Maryland-National Capital Park and Planning Commission
NB	–	Nonbudgeted
P3	–	Public-Private Partnership
SB	–	Senate Bill
SF	–	Special Fund
SITF	–	State Insurance Trust Fund
TEDCO	–	Technology Development Corporation
WSSC	–	Washington Suburban Sanitary Commission
()	–	Indicates Decrease

Fiscal Effects of the 2015 Legislative Program

The fiscal 2016 budget (operating budget bill), House Bill 70 (Chapter 310) of 2015, provides \$40.4 billion in appropriations for fiscal 2016, a 1.2% (\$487.1 million) increase above fiscal 2015. The appropriations consist of 40.4% in general fund spending, 28.7% in federal fund spending, 20.7% in special fund spending, and 10.2% in spending of higher education revenue.

The Maryland Consolidated Capital Bond Loan (MCCBL) of 2015 (capital budget bill), House Bill 71 (Chapter 495), authorizes \$1.0 billion in general obligation (GO) bonds for capital spending. The overall capital budget program passed by the General Assembly for fiscal 2016 totals \$4.2 billion, consisting primarily of the \$1.0 billion in GO bonds authorized under the MCCBL of 2015, \$2.7 billion for the transportation program (consisting of revenue bond funding and pay-as-you-go (PAYGO) special and federal funding), and \$0.4 billion in other PAYGO funding.

The fiscal 2016 budget and the MCCBL of 2015 are consistent with recommendations of the Spending Affordability Committee (SAC) and Capital Debt Affordability Committee. The final revenue and spending actions of the legislature met and surpassed the SAC recommendation of decreasing the general fund structural deficit (difference between ongoing revenues and ongoing spending) of \$650 million by 50% in fiscal 2016.

While the fiscal effect of enacted legislation other than the fiscal 2016 operating and capital budget bills cannot be fully quantified overall due to certain fiscal impacts that could not be reliably estimated, the impacts of legislation that have been quantified in fiscal and policy notes, including those under the Budget Reconciliation and Financing Act (BRFA) of 2015, House Bill 72 (Chapter 489), total to a net increase in general fund revenues of \$48.2 million and a net decrease in general fund expenditures of \$284.8 million¹ in fiscal 2016, an overall positive general fund impact of \$333.0 million. The BRFA is responsible for a significant majority of that overall impact. The quantified impacts of 2015 legislation continue to have a positive net general fund impact, of between \$125.0 million and \$200.0 million, in fiscal 2017 through 2020, again due largely to changes under the BRFA. Special fund revenues decrease by a net amount of \$7.5 million and special fund expenditures increase by a net amount of \$25.3 million in fiscal 2016. Federal fund revenues decrease by a net amount of \$35.5 million and federal fund expenditures decrease by a net amount of \$40.3 million in fiscal 2016. In addition, fiscal and policy notes in which personnel impacts were able to be quantified included an overall net increase of 46.5 regular and contractual positions² beginning in fiscal 2016.

¹ This excludes the \$68.1 million fiscal 2016 impact of Senate Bill 183 shown in Chapter 3, in order to reflect the Governor's announced intent to not spend those funds to fully fund the Geographic Cost of Education Index (further described in Chapters 1 and 3).

² This does not reflect a potential, but indeterminate, decrease in Department of Economic Competitiveness and Commerce staff under House Bill 943 (Chapter 141).

**Total of Quantified General Fund Impacts of 2015 Legislation
(exclusive of the operating and capital budget bills)**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
General Fund Revenues	\$48,195,993	(\$12,483,553)	(\$16,895,388)	(\$16,596,551)	(\$16,928,510)
General Fund Expenditures	(\$284,838,256)	(\$137,812,907)	(\$182,979,775)	(\$215,135,809)	(\$187,934,756)
Net General Fund Impact	\$333,034,249	\$125,329,354	\$166,084,387	\$198,539,258	\$171,006,246

A number of the expenditure impacts of 2015 legislation are reflected in the fiscal 2016 budget, especially impacts under the BRFA; however, impacts of certain enacted legislation expected to require increased expenditures beginning in fiscal 2016 are not accounted for in the fiscal 2016 budget. Of the impacts that have been quantified in fiscal and policy notes, \$3.9 million in general fund expenditure increases is not accounted for in the fiscal 2016 budget and may result in deficiency appropriations for the affected agencies in the next budget bill, or agencies may absorb the added costs into their existing budgets. In the case of special and federal fund expenditure increases that are not reflected in the enacted budget, State agencies may add special and federal funds through the budget amendment process and in certain cases the expenditure impacts are offset by corresponding revenue increases.

Nonbudgeted Fiscal 2016 Expenditure Increases Resulting from 2015 Legislation

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>
Nonbudgeted Expenditure Increases	\$3,854,880	\$25,566,804	\$25,080

Although not contributing to the totals shown above and in Chapter 3 of the report, each bill with an unquantified impact is listed in Chapter 3 with an indication of whether it is expected to have a positive or negative impact on the budget. All estimates of the impact of 2015 enacted legislation (aside from the fiscal 2016 budget and MCCBL of 2015) are based on the assumptions stated in the fiscal and policy notes for the bills.

Several measures enacted in 2015 affect State aid to local governments, resulting, along with Administration action, in a net decrease of \$136.0 million in fiscal 2016 from either statutorily mandated amounts or current discretionary funding levels. Chapter 4 includes a discussion of State aid to local governments and briefly describes impacts on local governments of legislation enacted in 2015 other than the fiscal 2016 budget and the MCCBL of 2015.

Chapter 1. Operating Budget

- Overview
- Budget in Brief
- Framing the Session: 2014 Interim Activity
- Governor's Spending Plan as Introduced
- Legislative Consideration of the Budget
- Outlook for Future Budgets
- Budget Reconciliation and Financing Legislation
- By the Numbers

Overview

Newly elected Governor Lawrence J. Hogan, Jr. submitted a budget that proposed to fully address the estimated \$650.0 million general fund structural deficit. His fiscal plan incorporated a variety of across-the-board and contingent reductions, some of which relied upon budget reconciliation legislation to modify mandated spending. Some of the features of this budget balancing proposal included level funding the largest education aid formula, significant reductions in Medicaid provider reimbursements, halving the Geographic Cost of Education Index (GCEI), and reducing State employee salaries, in addition to including no increments or general salary increase in fiscal 2016.

Concerned over the pace and impact of these proposals, the legislature acted to define and protect priority areas for restoration; primarily related to K-12 education, health care, and employee compensation. Legislative action restored certain contingent reductions and restricted budgetary savings totaling \$201.7 million that would enable the Governor to restore funding for the legislature's priorities. Following the session, the Administration announced support for all but \$83.1 million of the restricted funds, comprised of \$68.1 million for GCEI and \$15.0 million for a grant for the Prince George's County Hospital. The legislature also met all of the recommendations of the Spending Affordability Committee (SAC).

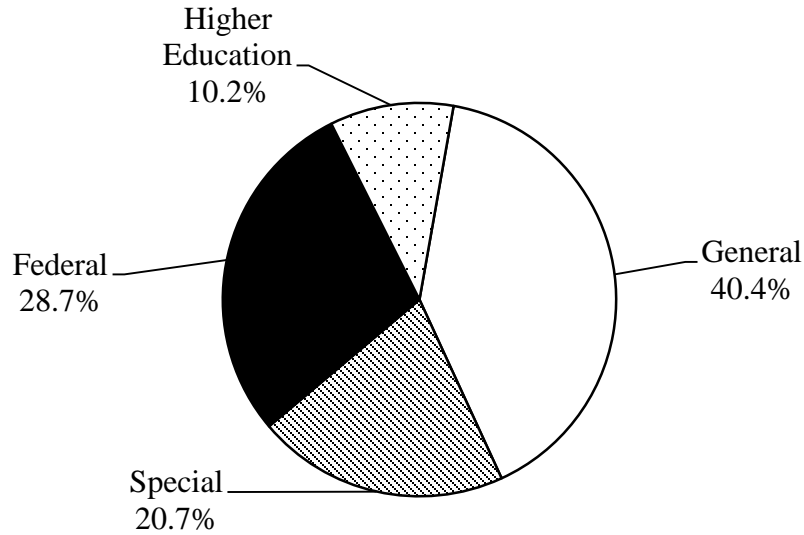
Spending in fiscal 2016 is tightly constrained, apart from growth in debt service, State employee health insurance, and nominal growth in K-12 education aid. Agencies will be absorbing 2% general fund reductions of \$113.0 million and \$118.0 million, respectively, in fiscal 2015 and 2016, the abolition of at least 500 positions and \$30.0 million in general funds related to a Voluntary Separation Program (VSP), and another \$69.0 million in across-the-board general fund reductions in fiscal 2016. Since none of these reductions has yet to be identified, the impact on State services has yet to be determined.

The fiscal 2016 budget grows by 1.2%, to \$40.4 billion, and final action on the budget leaves an estimated general fund cash balance of \$110.7 million at the end of fiscal 2016, in addition to \$794.0 million in the Rainy Day Fund. The balance in the Rainy Day Fund was reduced by \$20.0 million in May 2015, to address expenses related to protests in Baltimore City. The Governor declared a State of Emergency and transferred funds to the Contingent Fund in the Board of Public Works (BPW).

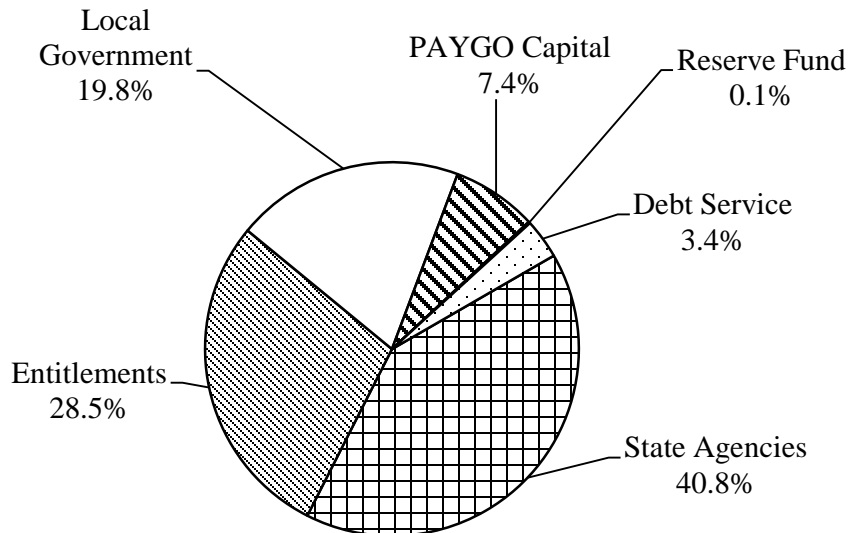
Budget in Brief

The Fiscal Year 2016 Budget Bill, **House Bill 70 (Chapter 310)**, provides \$40.4 billion in appropriations for fiscal 2016 – an increase of \$487.1 million (1.2%) above fiscal 2015. **Exhibit 1.1** illustrates funding by type of revenue. General fund spending accounts for 40.4% of the total budget. Federal funds support 28.7% of all spending. Special funds constitute 20.7% of the budget, and higher education revenue provides the remaining 10.2%. State agency operations constitute the largest area of spending, representing 40.8% of the total budget. Entitlements account for 28.5% of the budget, and 19.8% is provided as aid to local governments. Remaining appropriations fund pay-as-you-go (PAYGO) capital spending, debt service on State general obligation (GO) bonds, and transfers to the State Reserve Fund.

Exhibit 1.1
Maryland's \$40.4 Billion Fiscal 2016 Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go

General fund appropriations increase by \$351.4 million, or 2.2%, over the fiscal 2015 working appropriation. Debt service on GO bonds requires an increase of \$112.4 million. Education and library aid to local jurisdictions grows by \$42.9 million, largely through the Foundation Program and Compensatory Education, which provides additional funding based on the number of low-income students. The general fund cost of health insurance expenses for active and retired State employees rises by \$107.1 million. Additional general funds are provided to address Medicaid enrollment and utilization, offset by reductions in provider rate reimbursements; maintain a balance of at least 5.0% in the Rainy Day Fund (\$45.2 million); support higher education; and fund projects and programs through PAYGO capital appropriations. Formula aid to community colleges increases by \$3.2 million in fiscal 2016 to \$222.7 million. Aid to nonpublic colleges and universities grows by \$1.4 million to \$42.8 million. The legislature restricted \$201.7 million for the purpose of restoring certain legislative priorities; however, the Administration has indicated the intent to restore \$118.6 million to maintain current State employee salary levels, restore provider reimbursements, and fund selected health initiatives and smaller miscellaneous programs. Funds restricted for GCEI (\$68.1 million) and the Prince George's County Hospital (\$15.0 million) will not be released.

Special funds grow by \$270.2 million, or 3.3%, compared to the fiscal 2015 working appropriation. Most of the increase is tied to the transportation PAYGO capital program funded by revenues associated with Chapter 429 of 2013, which substantially increased revenue to the Transportation Trust Fund (TTF). The Maryland Department of Transportation also received an additional \$34.8 million to pay the State's share of the operating costs to the Washington Metropolitan Area Transit Authority and debt service on Consolidated Transportation Bonds. Increases are also provided to the Maryland Health Benefit Exchange, as it transitions from federal sources and the Maryland Stadium Authority (\$20.0 million) for costs related to the Baltimore City School Revitalization Program. Special fund growth is offset by large decreases for the Maryland Health Insurance Program, which has discontinued plan coverage with the advent of the federal Affordable Care Act, and a reduction of special funds in the Annuity Bond Fund based on the level of bond premiums received in fiscal 2015.

Federal fund spending decreases by \$223.2 million, or 1.9%. The largest change is in the Medicaid program, due to large reductions in provider rate reimbursements implemented by the Administration. This reduction is tempered by growth in Medicaid enrollment and utilization. Funding for the Supplemental Nutritional Assistance Program, which is 100.0% federally funded, declines by \$101.0 million based on decreasing caseload and a reduction in the average monthly grant. The Maryland Health Benefit Exchange also experiences a decrease of \$86.0 million as information technology development costs are finalized, and the program moves to operations and maintenance. Moreover, initial start-up expenses for call centers and grants to connector entities decline as service levels mature. System preservation expenses for highway resurfacing and rehabilitation also fall by about \$70.0 million based on project cash flow and the timing of federal aid used in fiscal 2015. These decreases are offset by growth in federal spending for Purple Line transit capital expenses in the Maryland Transit Administration, although the new Administration has not decided if it is going to move forward with this major initiative. Other growth in federal funds are for the Developmental Disabilities Administration (DDA) to fund provider rate increases and program expansion and for student food service costs in the Maryland State Department of

Education (MSDE) due to growth in the number of students qualifying for free and reduced-price meals. If the Governor restores funding for provider reimbursements, it is estimated that approximately \$68.5 million in federal funds would need to be added to the budget by amendment.

State support for higher education in the fiscal 2016 budget totals \$5.5 billion, an increase of \$139.4 million or 2.6% over fiscal 2015. Of this amount, \$13.4 million (1.0%) is from general funds.

With respect to personnel, the size of the regular State workforce decreases by 0.4%, or 297 positions, to 80,807 regular positions in fiscal 2016. This reflects the expected abolition of 500 positions through a VSP, which the Administration expects will save \$7.5 million of general funds in fiscal 2015 and \$30.0 million of general funds when fully annualized in fiscal 2016. There is no funding for a general salary increase or merit increases in fiscal 2016. The salary plan in effect during the latter half of fiscal 2015 remains in effect, but may be offset by furloughs, which the Governor can implement without BPW approval.

Framing the Session: 2014 Interim Activity

Following the 2014 session, general fund revenue attainments did not meet estimates. In large part, this was due to overestimation of personal income taxes. Strong prior year growth in capital gains was fueled by the expected expiration of federal tax cuts at the end of calendar 2012, leading to overinflated revenue forecasts in Maryland and other states. Recognizing the situation, Governor O'Malley acted to withdraw \$75.9 million in general fund spending through BPW in July 2014. The Board of Revenue Estimates revised the fiscal 2015 estimate downward by \$177.1 million in September 2014 and an additional \$123.2 million by December 2014. In early January 2015, Governor O'Malley withdrew another \$197.8 million in general fund spending through BPW. Against this backdrop, SAC was advised that the structural imbalance between general fund revenues and spending was expected to widen to \$650.0 million in fiscal 2016. SAC recommended addressing the problem over two years by reducing the deficit by 50%; effectively \$325.0 million at the 2015 session.

BPW Withdrawn Appropriations

July 2, 2014 Action

BPW's July 2014 action reduced fiscal 2015 general fund spending by \$75.9 million.

State Agencies: State agencies were reduced by \$55.4 million. Some of the larger general fund actions include:

- \$19.4 million from State agency budgets due largely to a \$17.6 million one-time payment from the Chesapeake Employers' Insurance Company to the State Employee and Retiree Health and Welfare Benefits Fund to cover future health care liabilities for active and retired Injured Workers' Insurance Fund employees;

- \$9.5 million due to lower foster care caseloads in the Department of Human Resources;
- \$8.3 million from the Department of Health and Mental Hygiene (DHMH), including \$3.5 million from developmental disabilities programs;
- \$5.0 million by holding positions vacant in various agencies;
- \$3.9 million from the Department of Juvenile Services, including \$1.8 million due to lower need for residential per diems; and
- \$3.4 million from Medicaid for rates for managed care organizations (MCO).

Higher Education: Cuts of \$10.3 million were allotted to State institutions as well as the grant to private colleges and universities. Larger actions included:

- \$3.4 million in facility maintenance from the University System of Maryland (USM);
- \$3.0 million from the Sellinger Program providing aid to private colleges and universities;
- \$2.1 million related to the abolition of 42 positions across USM and Morgan State University (MSU); and
- \$1.7 million in general operating expenses from USM, MSU, St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC).

Fund Swaps: There were \$10.3 million in fund swaps, in which general funds are replaced with \$6.0 million in special funds and \$4.3 million in federal dollars. Larger swaps include:

- \$4.3 million in DHMH's DDA due to local government payments for day services (\$2.7 million in special funds) and additional federal matching funds (\$1.6 million);
- \$2.2 million in additional federal funds for Medicaid due to an Emergency Psychiatric Demonstration Waiver; and
- \$2.0 million in special funds related to the enactment of Chapter 325 of 2014, which reauthorized fees to two oil-related funds in the Maryland Department of the Environment (MDE).

January 7, 2015 Action

BPW adopted \$197.8 million in general fund withdrawn appropriations, including:

State Agencies: State agencies were reduced by \$120.4 million, including:

- \$86.2 million for a 2% across-the-board reduction to agencies, exclusive of higher education;
- \$20.7 million through reduced provider rates;
- \$4.9 million of the Rainy Day Fund appropriation due to revised revenue estimates;
- \$4.5 million from economic development programs; and
- \$4.1 million from miscellaneous programs.

Local Aid: Local aid was reduced by \$21.3 million across four programs. This included:

- \$8.0 million to level fund the Disparity grant program;
- \$6.8 million from Cade formula aid to community colleges;
- \$5.9 million to level fund local health grants; and
- \$0.6 million to level fund police aid.

Higher Education: Cuts of \$44.2 million were allotted to State institutions, including:

- \$26.6 million for the higher education share of the 2% across-the-board cut, applied to USM, MSU, SMCM, and BCCC;
- \$10.0 million to USM, MSU, SMCM, and BCCC; and
- \$7.6 million in targeted reductions to USM for facilities renewal, student and academic services, and administrative support.

Fund Swaps: There were \$12.0 million in fund swaps, in which general funds are to be replaced with a like amount of special funds or surplus general fund encumbrances. Most of this assumed special funds from the Cigarette Restitution Fund and the Community Health Resources Commission in lieu of general fund appropriations in Medicaid and Behavioral Health.

Spending Affordability Committee Recommendations

SAC prepared its final report to the Governor in December 2014, which recommended continuing efforts to reduce the ongoing structural imbalance in the general fund.

Spending Limit and Sustainability

Based on forecasts, which estimated the fiscal 2016 structural deficit at \$650 million, SAC recommended that the budget, submitted by the Governor and approved by the General Assembly for fiscal 2016, reduce the general fund structural deficit by 50%. For the 2015 session, this meant reducing the deficit by \$325 million.

Personnel

The committee recommended that the current complement of 81,081 regular positions was appropriate for the delivery of State services given the fiscal condition of the State. It was recommended that any additional positions necessary for new activities or facilities be accommodated within the current overall level.

State Reserve Fund

SAC recommended that the balance of the Rainy Day Fund should be maintained at or above 5% of estimated revenues.

Governor's Spending Plan as Introduced

Fiscal 2015

For fiscal 2015, the Governor proposed \$237.3 million in deficiency appropriations. Additional funding was provided for Medicaid, student tests, teacher stipends, and nonpublic placements in MSDE, special fund under attainment from video lottery terminals (VLT) and programs funded by the transfer tax, and a variety of miscellaneous increases across State government. Offsetting reductions of \$34.2 million were also included to mostly reduce MCO rates along with smaller reductions in several agencies. Maintaining a general fund balance in fiscal 2015 also relied upon proposed contingent and across-the-board reductions, reversions, and fund transfers.

Contingent Reductions

Reductions of \$45.0 million from Medicaid and \$4.1 million from Aid to Education were part of the Governor's proposal, contingent on budget reconciliation legislation allowing the use of balances from the Maryland Health Insurance Plan and partially reducing VLT local impact aid grants.

Across-the-board Reductions

The allowance reflected a \$7.5 million general fund across-the-board reduction based on the expectation that 500 positions would be abolished on April 1, 2015, as part of a VSP.

Reversions

General fund reversions of \$35.1 million were assumed, consisting of \$30.0 million in unspecified reversions and \$5.1 million in targeted reversions.

Fund Transfers

Fiscal 2015 was balanced in part by \$143.9 million in proposed transfers to the general fund. The largest included a transfer of \$100.0 million from the Local Income Tax Reserve Account, which would be repaid on the first day of fiscal 2016. Additional transfers were proposed from a number of sources, including Program Open Space (POS) unencumbered balances, the Strategic Energy Investment Fund (SEIF), BCCC, the State Unemployment Trust Fund, the Jane E. Lawton Conservation Loan Fund, and the Mortgage Lender Originator Fund.

Fiscal 2016

The fiscal plan submitted by the Administration provided for \$40.4 billion in total spending for fiscal 2016. Through a combination of contingent and across-the-board reductions, the Governor proposed to resolve the entire estimated \$650.0 million structural general fund shortfall (with an estimated \$31.6 million structural surplus). The Governor's proposed spending plan estimated a closing fiscal 2016 general fund balance of \$47.3 million, which also relied upon revenue and reversion assumptions, and limited transfers such as a \$34.0 million transfer from the Rainy Day Fund to the general fund. **Exhibit 1.2** details the Governor's original general fund spending plan for fiscal 2015 and 2016.

Contingent Reductions

The Governor proposed \$208.6 million in fiscal 2016 general fund reductions, contingent on the enactment of **House Bill 72 (Chapter 489)**, the Budget Reconciliation and Financing Act (BRFA) of 2015. There were several large actions proposed, including:

- \$64.6 million to level fund the per pupil K-12 education aid under the Foundation Program;
- \$50.0 million from a payment to POS to repay funds transferred to the general fund in fiscal 2006;
- \$14.5 million from Medicaid to delay reducing the Medicaid Deficit Assessment from hospital savings;
- \$13.0 million from community college formula aid; and
- \$12.1 million by delaying the phase-in of net taxable income in the calculation of education aid formulas.

Exhibit 1.2
Governor's Original Budget Plan
Fiscal 2015-2016
(\$ in Millions)

	<u>2015</u>	<u>2016</u>
Opening Balance	\$147.6	\$36.7
Board of Revenue Estimates Revenues	\$15,691.9	\$16,245.2
Additional Revenues	34.1	51.5
Transfers	143.9	75.7
Subtotal	\$15,869.9	\$16,372.4
Appropriations/Board of Public Works/ATBs/Deficiencies	\$16,065.0	\$16,611.6
Contingent Reductions	-49.1	-208.6
Targeted Reversions	-5.1	-11.1
Reversions	-30.0	-30.0
Subtotal	\$15,980.8	\$16,361.8
Closing Balance	\$36.7	\$47.3

ATB: across-the-board cut

Source: Maryland Budget Highlights, Fiscal 2016

Across-the-board Reductions

Approximately \$267.9 million in across-the-board reductions were assumed in the fiscal 2016 budget. This included an unspecified 2% reduction to agency budgets yielding \$118.0 million in general fund savings; a cut of \$102.5 million related to the abolition of employee merit pay increases (of which \$81.2 million was general funds); and \$93.6 million related to a reduction in employee salaries (\$68.7 million general funds) by effectively rescinding the 2% general salary increase that had gone into effect on January 1, 2015. Moreover, there was no general salary increase proposed for fiscal 2016.

Revenue Assumptions

The Governor's spending plan assumed \$34.1 million in additional revenues. This included \$12.0 million resulting from additional positions for tax compliance in the Comptroller's budget, an \$8.6 million diversion from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund,

\$5.3 million due to additional positions provided to the Attorney General for the Medicaid Fraud and Securities divisions, a proposed limit to claiming the Earned Income Tax Credit for out-of-state residents, a reduction in funding for the Maryland Health Benefit Exchange, a diversion of Sunny Day Fund claw back recoveries, lottery adjustments, and smaller miscellaneous assumptions.

Reversions

General fund reversions of \$41.1 million were assumed, consisting of \$30.0 million in unspecified reversions and \$11.1 million in expected reversions from the Judicial and Legislative branches to recognize the same increment and salary plan reductions made to the Executive Branch.

Legislative Consideration of the Budget

Spending Changes

Following submission of the budget in January 2015, the Governor introduced three supplemental budgets, which proposed a total of \$144.8 million in additional spending. **Exhibit 1.3** summarizes the supplemental budgets by fund type. Supplemental Budget No. 1 was accepted by the legislature, but Supplemental Budgets Nos. 2 and 3 were both rejected.

Exhibit 1.3
Summary of Supplemental Budget
2015 Session
(\$ in Millions)

	<u>General</u> <u>Funds</u>	<u>Special</u> <u>Funds</u>	<u>Federal</u> <u>Funds</u>	<u>Total</u>	<u>Status</u>
Supplemental Budget No. 1		\$25.0		\$25.0	Accepted
Supplemental Budget No. 2	\$1.9	40.7	\$2.1	44.8	Rejected
Supplemental Budget No. 3	75.0			75.0	Rejected
Total	\$76.9	\$65.7	\$2.1	\$144.8	

Supplemental Budget No. 1

The Governor provided \$25.0 million in special funds from the TTF to the counties and municipalities for road construction and maintenance, in addition to their allocation of Highway User Revenues. Of this, \$19.0 million was provided to municipal governments, \$4.0 million to county governments, and \$2.0 million to Baltimore City.

Supplemental Budget No. 2

The second supplemental budget appropriated \$44.8 million in spending across fiscal 2015 and 2016, proposing to pay for most of the general fund spending by using unanticipated fiscal 2015 bond premiums. Spending was proposed for the Department of State Police (\$14.4 million), gubernatorial initiatives related to the personal property tax and nonpublic schools (\$12.8 million), the Department of Public Safety and Correctional Services (\$11.0 million), PAYGO capital (\$4.5 million), substance abuse (\$2.0 million), and education grants (\$0.1 million). Ultimately, the legislature chose to reject Supplemental Budget No. 2.

Supplemental Budget No. 3

In an effort to restore funding for supplemental pension contributions, Supplemental Budget No. 3 proposed allocating \$75 million in general funds through the reallocation of unspecified legislative reductions to the budget. This action was contradictory to legislative efforts to move to full actuarial funding of the pension system along with \$75 million in supplemental contributions until the system reaches an 85% funding level. For this reason, the legislature rejected Supplemental Budget No. 3.

Legislative Priorities and Reductions

While reviewing the budget, the legislature established a number of priorities primarily related to K-12 education, State employee compensation, and health care provider reimbursements. In some instances, funding for proposed contingent reductions was restored. These items are discussed further below. Where funding could not be directly restored, the legislature acted to restrict \$201.7 million in budgetary savings for legislative priorities. Section 48 of Chapter 310 authorizes the Governor to transfer funds by budget amendment to restore spending, otherwise the appropriations revert to the general fund. The specific restoration priorities covered by this section are listed in **Exhibit 1.4**. For a complete listing of the budgetary savings and the legislative priorities authorized for funding in Section 48, see Exhibit 1.12. The largest restoration would maintain the 2% general salary increase that was provided to State employees on January 1, 2015, which the Governor proposed to reduce on July 1, 2015. The legislature also sought to restore the 50% reduction in the discretionary GCEI. Various provider rate reimbursements were scaled back in the allowance, which prompted action to restore a portion of this funding. A one-time operating grant would also be made to the Prince George's County Hospital. Certain health initiatives are also identified as priorities, including crisis resolution services, substance abuse treatment for heroin addicts, adult day care grants, and individual and family support services. Following the legislative session the Governor announced the intent to restore funding for \$118.6 million of the restricted items, excluding GCEI (\$68.1 million) and the Prince George's Hospital grant (\$15.0 million).

Exhibit 1.4
Funds Restricted to Restore Legislative Priorities
Fiscal 2016
(\$ in Millions)

<u>Item</u>	<u>General Fund</u>
Employee salaries to offset a 2% reduction	\$68.7
Geographic Cost of Education Index	68.1
Provider and nursing home rate reimbursements	33.6
Prince George's County Hospital grant	15.0
Various other health initiatives	14.1
School for the Blind	1.8
Other	0.4

Restoration of Contingent Reductions

As noted, the Governor proposed \$208.6 million in contingent reductions as part of the fiscal 2016 allowance. During review of the budget, the legislature did not always agree with either the specific item to be reduced or the magnitude of the reduction. One of the larger contingent reductions totaled \$64.6 million to level fund per pupil K-12 foundation education aid in fiscal 2016, as well as to limit future growth to 1% through fiscal 2020 in the BRFA of 2015. As this represented one of the legislature's priorities, funding for this item was restored, and the proposed cap on future funding in the BRFA of 2015 was removed. No other contingent reduction proposal was as large as the education formula mandate, but other restorations including funding for the State Arts Council, Disparity Grants, Academic Health Centers, the Maryland Health Benefit Exchange, Juvenile Service provider rates, the Deaf Culture Digital Library, Library for the Blind and Physically Handicapped, VLT local impact grants, and Payments in Lieu of Taxes under the Department of Natural Resources (DNR). Lesser reductions were adopted for community college aid, grants to nonpublic colleges and universities, and BCCC.

Reductions

The legislature reduced the fiscal 2015 budget by \$73.9 million and the fiscal 2016 budget by \$333.0 million. The combined reduction equals \$406.9 million. The largest category of reductions was found in the Medicaid program, including \$49.8 million to reduce funding for an information technology project that is behind schedule and \$47.0 million in general fund reductions that will be replaced with special funds from the Maryland Health Insurance Plan. Another \$74.6 million was reduced in conjunction with pension reform, which shifted the State from a corridor funding method to full actuarial funding.

Other major actions include a reduction of \$37.7 million related to the reduction of funding for POS and the Maryland Agricultural Land Preservation Program and a like transfer to the general fund. Operating expenses for the Judiciary were pared by \$25.2 million, including \$9.5 million for proposed salary reclassifications. Debt service was reduced by \$21.6 million to recognize unanticipated bond premiums that were received in conjunction with the March 2015 sale of GO bonds. Changes to the Quality Teacher Incentive program that were adopted in budget reconciliation legislation yielded savings of \$13.4 million in fiscal 2016. Aid to community colleges was reduced by \$9.0 million, and \$8.6 million was reduced from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to permit the diversion of revenue to the general fund.

Final Actions Related to SAC

Limiting Spending Growth

Exhibit 1.5 indicates that final revenue and spending actions by the legislature reduced the fiscal 2016 structural deficit by \$444 million, or 68%, at the 2015 session. This exceeds the SAC recommendation to reduce the structural general fund deficit by at least 50%, or \$325 million. This figure could reach 82% if the 2% across-the-board reduction, as introduced by the Administration, results in ongoing savings to the budget.

Personnel

The budget as introduced funded 81,422 positions, though the budget also assumes the abolition of 500 positions through a VSP. Accounting for VSP, results in 80,922 positions on a spending affordability basis. The legislature abolished 115 positions from the base budget. At 80,807 positions, the fiscal 2016 personnel complement is below the 81,081 cap recommended by SAC for the 2015 session. Thus, the final action for State employment is consistent with the SAC recommendation.

State Reserve Fund Balance

Final legislative action on the budget complied with the SAC recommendation to maintain at least a 5.0% balance. However, following the legislative session the Governor declared a State of Emergency in response to protests in Baltimore City and transferred \$20.0 million from the Rainy Day Fund to the BPW Contingent Fund. The Administration's action leaves a fund balance of \$794 million in the Rainy Day Fund, which is about 4.9% of revenues.

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

Target

Estimated Structural Gap (December 2014)		-\$650
Target Reduction		-325
Ongoing Revenues	\$16,296	
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	-9	
Legislation	-10	
Other One-time Items	-2	
Subtotal		\$16,275
Ongoing Spending	\$16,316	
Rainy Day Fund	-50	
Tobacco Arbitration	40	
One-time Reductions	38	
2% Across-the-board Reduction	91	
Geographic Cost of Education Index	68	
Pay-as-you-go Capital	-21	
Subtotal		\$16,482
Amount Reduced from Structural Shortfall		\$444
Remaining Structural Gap		\$206

Source: Department of Legislative Services

Summary of Fiscal 2016 Legislative Activity

Exhibit 1.6 shows the impact of the legislative budget on the general fund balance for fiscal 2015 and 2016. The fiscal 2015 balance is estimated to be \$52.7 million, assuming \$30.3 million in reversions. At the end of fiscal 2016 the closing balance is estimated to be \$27.6 million assuming \$30.0 million in reversions, however based on the Administration's stated intention to revert \$83.1 million (\$68.1 million for GCEI and \$15.0 million for the Prince George's Hospital), then the closing balance should approximate \$110.7 million.

Exhibit 1.6
Final Legislative Budget Action with House Bill 70
Fiscal 2015-2016
(\$ in Millions)

	<u>2015</u>	<u>2016</u>
Opening Balance	\$147.6	\$52.7
Board of Revenue Estimates Revenues	\$15,691.9	\$16,245.2
Additional Revenues	34.1	50.7
Legislation	0.0	7.1
Transfers	143.5	76.2
Subtotal	\$15,869.5	\$16,379.1
Approps/ATBs/Deficiencies/BPW Withdrawals	\$16,065.0	\$16,611.6
Reductions	-19.6	-94.8
Contingent Reductions	-50.7	-82.6
Reversions	-30.3	-30.0
Subtotal	\$15,964.3	\$16,404.2
Closing Balance	\$52.7	\$27.6
Targeted Reversions	0.0	-83.1
Adjusted Closing Balance	\$52.7	\$110.7

ATB: across-the-board

BPW: Board of Public Works

Source: Department of Legislative Services

Outlook for Future Budgets

As shown in **Exhibit 1.7**, fiscal 2016 is projected to end with a \$111 million fund balance. This is \$58 million more than the projected fiscal 2015 fund balance. In fiscal 2016, ongoing spending exceeds ongoing revenues by \$206 million. This spending is supported by \$99 million in one-time revenues and fund transfers. The budget also includes one-time reductions that exceed PAYGO capital and reserve fund spending by \$166 million.

Exhibit 1.7
General Fund Budget Outlook
Fiscal 2015-2020
(\$ in Millions)

<u>Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2016-20</u>
	<u>Working</u>	<u>Leg.</u>	<u>Est.</u>	<u>Est.</u>	<u>Est.</u>	<u>Est.</u>	<u>Avg Annual</u>
		<u>Approp.</u>					<u>Change</u>
Opening Fund Balance	\$148	\$53	\$111	\$0	\$0	\$0	
Transfers	143	39	0	0	93	35	
One-time Revenues and Legislation	85	60	4	-1	-1	-1	
Subtotal One-time Revenue	\$376	\$151	\$114	-\$1	\$92	\$34	-31.1%
Ongoing Revenues	\$15,641	\$16,285	\$16,920	\$17,549	\$18,086	\$18,767	
Revenue Adjustments and Legislation	0	-10	-10	-10	-10	-10	
Subtotal Ongoing Revenue	\$15,641	\$16,275	\$16,910	\$17,539	\$18,076	\$18,757	3.6%
Total Revenues and Fund Balance	\$16,017	\$16,426	\$17,024	\$17,538	\$18,168	\$18,791	3.4%
Ongoing Spending							
Operating Spending	\$16,580	\$16,685	\$17,483	\$18,202	\$18,926	\$19,715	
VLT Revenues Supporting Education	-394	-394	-511	-538	-545	-554	
Multi-year Commitments	9	9	10	0	0	0	
Programs Restored/Enhanced	0	187	122	125	128	132	
Ongoing Spending – Legislation	0	-5	93	99	100	102	
Subtotal Ongoing Spending	\$16,195	\$16,482	\$17,197	\$17,887	\$18,609	\$19,395	4.2%
One-time Spending							
PAYGO Capital	\$3	\$21	\$1	\$1	\$1	\$1	
One-time Reductions	-258	-237	0	0	0	0	
Legislation/1-time Adjustments/Swaps	10	0	0	0	0	0	
Appropriation to Rainy Day Fund	15	50	50	50	50	50	
Subtotal One-time Spending	-\$230	-\$166	\$51	\$51	\$51	\$51	
Total Spending	\$15,964	\$16,316	\$17,248	\$17,938	\$18,660	\$19,446	4.5%
Ending Balance							
Rainy Day Fund Balance	\$766	\$794	\$861	\$929	\$904	\$938	
Balance Over 5% of GF Revenues	-16	-18	15	51	0	0	
As % of GF Revenues	4.90%	4.89%	5.09%	5.29%	5.00%	5.00%	
Structural Balance	-\$554	-\$206	-\$287	-\$348	-\$533	-\$638	

GF: general fund

PAYGO: pay-as-you-go

VLT: video lottery terminal

The structural deficit increases to \$287 million in fiscal 2017, which is \$81 million greater than fiscal 2016. Fiscal 2017 also has an estimated \$224 million cash shortfall. Areas with substantial increases include:

- \$167 million for additional debt service costs;
- \$105 million due to the growth in K-12 Education Foundation spending;
- \$75 million to restore a 2% reduction to State employee salaries; and
- \$70 million for GCEI (also discussed with legislation).

General fund revenues are expected to increase by 3.9% from fiscal 2016 to 2017. To eliminate the imbalance between ongoing revenues and spending in fiscal 2017, ongoing revenues would need to grow 5.7%.

The forecast is impacted by legislation enacted during the 2015 session. This includes reductions in taxes and increased expenditures. Legislation affecting out-year revenues include:

- **Senate Bill 763 (Chapter 50)** requires the Comptroller to declare an amnesty period for certain delinquent taxpayers from September 1, 2015, through October 30, 2015, for penalties and one-half of any interest due attributable to the nonpayment, nonreporting, or underreporting of income taxes, withholding taxes, sales and use taxes, or admissions and amusement taxes that are paid during the amnesty period. Individuals or corporations who enter into a payment agreement with the Comptroller's Office can also qualify for the amnesty. This is estimated to provide \$11.4 million in revenues in fiscal 2016. Revenue losses of \$0.9 million are projected annually beginning in fiscal 2018;
- **House Bill 5 (Chapter 56)** establishes the Newborn Screening Program Fund, which is administered by the Secretary of Health and Mental Hygiene, to cover the administrative, laboratory, and follow-up costs associated with performing newborn screening tests. The fund is primarily funded through fees collected from the Newborn Screening Program. This is expected to reduce general fund revenues by \$6.8 million annually;
- **Senate Bill 592 (Chapter 125)** is an Administration bill, which expands the existing military retirement income tax subtraction modification by increasing from \$5,000 to \$10,000 the maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least age 65. The bill is estimated to reduce revenues by approximately \$3.0 million annually; and

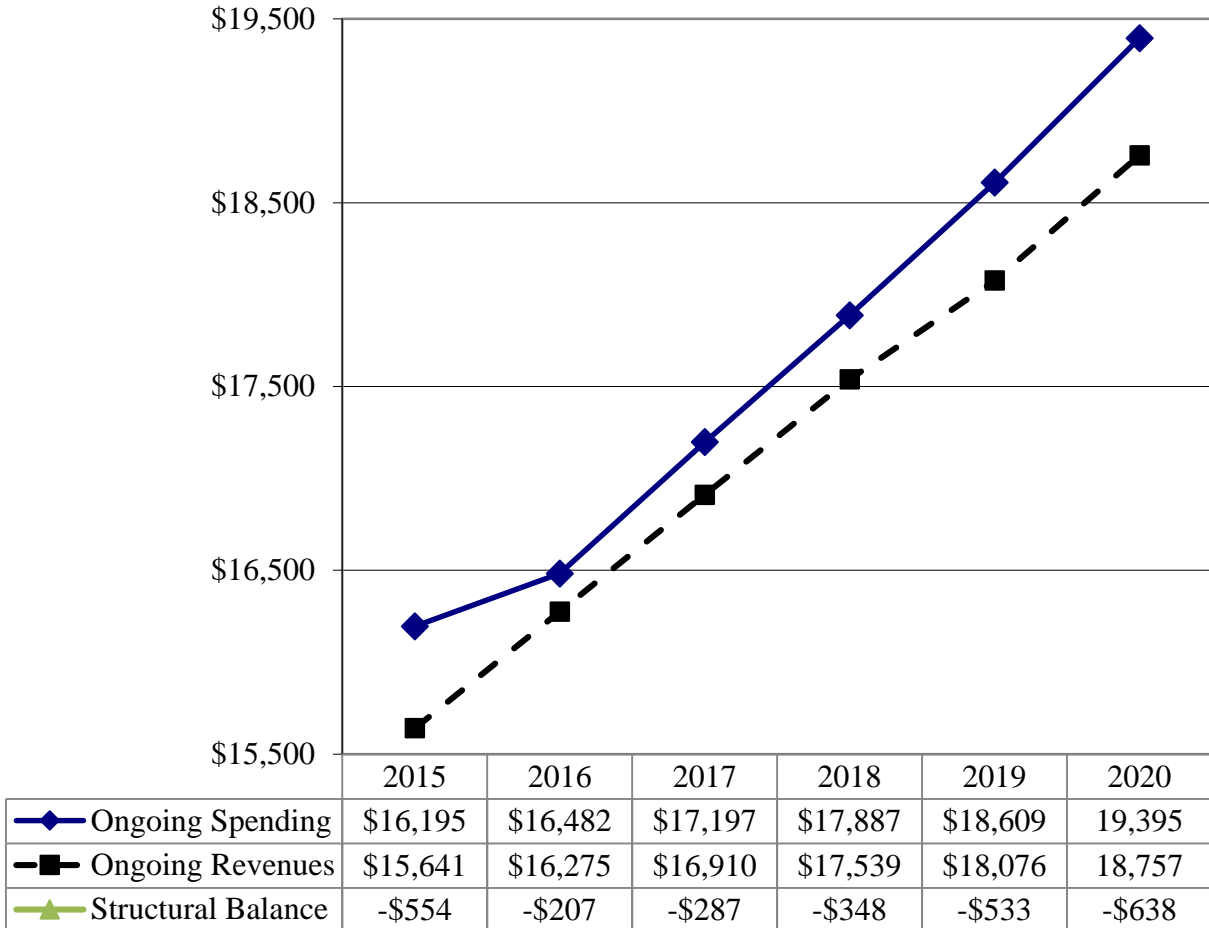
- **House Bill 827 (Chapter 282)** alters the distribution of alcoholic beverages tax revenue so that the revenue generated from the tax on wine produced at wineries licensed in the State must be distributed to the Maryland Wine and Grape Promotion Fund. The legislation is projected to reduce revenues by approximately \$200,000 annually.

Legislation affecting expenditures include:

- **Senate Bill 183 (Chapter 477)** changes the GCEI formula from discretionary to mandatory beginning in fiscal 2016, if full funding of GCEI is not provided for in the fiscal 2016 operating budget. GCEI expenditures total \$69.9 million in fiscal 2017 and increase to \$76.3 million by fiscal 2020;
- **Senate Bill 905 (Chapter 486)** repeals the termination date of the film production activity tax credit program and specifies legislative intent that funding for the program be sufficient to maintain the current level of film production activity in the State and attract new production activity. The fiscal and policy note estimates that costs increase by \$25.0 million annually beginning in fiscal 2017;
- **House Bill 5 (Chapter 56)** establishes the Newborn Screening Program Fund, which is administered by the Secretary of Health and Mental Hygiene, to cover the administrative, laboratory, and follow-up costs associated with performing newborn screening tests. The fund is primarily funded through fees collected from the Newborn Screening Program. This is projected to reduce general fund spending by \$5.4 million in fiscal 2016 and at least \$7.0 million annually beginning in fiscal 2017; and
- **Senate Bill 862 (Chapter 389)** ratifies existing provisions which require the Governor to include in the State budget an appropriation for the Maryland Park Service (MPS) from revenues in the Forest or Park Reserve Fund that are attributable to MPS operations that are equal to at least 60% of the revenues for fiscal 2016, at least 80% of the revenues for fiscal 2017, and 100% of the revenues for fiscal 2018 and each fiscal year thereafter. This is expected to add \$2.2 million to fiscal 2017 spending and \$4.5 million annually beginning in fiscal 2018.

Exhibit 1.8 shows that the structural deficit increases from \$206 million in fiscal 2016 to \$638 million in fiscal 2020; about 3.3% of ongoing general fund spending. The primary reason that the deficit grows is due to policy decisions to maintain out-year formulas, including those pertaining to K-12 education, community colleges, and developmental disability service providers. Growth is also due to legislation mandating funding for GCEI and restoration of funding for legislative priorities as well as other legislation such as the film production tax credit, which assumes a certain funding level in future years.

Exhibit 1.8
The General Fund Structural Deficit Worsens by Fiscal 2020
Fiscal 2015-2020
(\$ in Millions)



Budget Reconciliation and Financing Legislation

House Bill 72 (Chapter 489), the BRFA of 2015, implements \$371.8 million in actions to the benefit of the general fund for fiscal 2015 and 2016 (as shown in **Exhibit 1.9**) and includes certain actions that reduce the State’s structural imbalance. The provisions in the BRFA of 2015 can be categorized into six groups: use of special fund revenues; general fund revenue actions; cost control measures and mandate relief; program oversight and administration; provisions impacting local governments; and other provisions.

Exhibit 1.9
Summary of Actions in the Budget Reconciliation and Financing Act of 2015
(\$ in Millions)

Fiscal 2015 Fund Transfers	\$142.5
Fiscal 2016 Fund Transfers	42.2
Fiscal 2015 Revenues	10.8
Fiscal 2016 Revenues	14.4
Fiscal 2015 Expenditure Reductions	50.7
Fiscal 2016 Expenditure Reductions	111.2
Total Budgetary Action	\$371.8

Use of Special Funds

The BFRA of 2015 contains several provisions that alter the use of special funds for State agency operations and programs. Specifically, the legislation allows the MDE Maryland Oil Disaster Clean-Up and Contingency Fund to be used for additional specified purposes in fiscal 2015 and 2016 only. DNR's Waterway Improvement Fund is authorized to fund related administrative expenses in fiscal 2016, allowing for a \$0.9 million general fund reduction. The legislation also authorizes the use of the Waterway Improvement Fund for the dredging of lakes, ponds, and reservoirs owned by the State in order to allow for Deep Creek Lake dredging projects. Modifications are also made to the under attainment provisions of the transfer tax and uses of any fiscal 2015 over attainment. SEIF may now be used for combined heat and power projects at industrial facilities, and any transferred funds from SEIF may only come from the non-energy assistance accounts of the fund.

Additionally, the BRFA of 2015 allows the use of the Department of Housing and Community Development's Housing Counseling and Foreclosure Mediation Fund for operational expenses of the department, allowing for a \$2.4 million general fund reduction in fiscal 2016. Similarly, the fund balance for the Maryland Health Insurance Plan may now be used to improve outcomes for high-need Medicare and dually eligible Medicare and Medicaid patients. Finally, the BRFA of 2015 specifies grants to be distributed from the Special Fund for Preservation of Cultural Arts in Maryland: \$50,000 to the Sotterley Plantation Museum; \$125,000 to the Maryland Historical Society; \$175,000 to the Maryland Humanities Council; \$790,042 to the Maryland State Arts Council; \$467,000 to the Maryland Academy of Sciences; \$25,000 to the Doleman Black Heritage Museum; \$200,000 to the Center Stage Associates, Inc.; \$68,080 to Arts Every Day; \$25,000 to the Arena Players, Inc.; \$24,878 to the Prince George's African-American Museum and Cultural Center; and \$50,000 to the Young Audiences of Maryland.

General Fund Revenue Actions

Revenue actions that benefit the general fund include an increase in the amount of funds to be redirected to the general fund from the sales tax on vehicle rentals that is credited to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The increase totals \$8.6 million in fiscal 2016. Additionally, the legislation specifies that the earned income tax credit is applicable to Maryland residents only. The BRFA of 2015 also increases the revenue from the transfer tax that is directed to the general fund by \$37.7 million in fiscal 2016. Under the Department of Business and Economic Development, the BRFA of 2015 requires that any repayment related to loans from the Sunny Day Fund be redirected to the general fund in fiscal 2015 and 2016. Similarly, the legislation redirects certain traffic ticket surcharges from the State Police Helicopter Fund (which is repealed by the BRFA of 2015) to the general fund. Also, the BRFA of 2015 authorizes the early claw back of savings for calendar 2014 MCO payments to recognize failure of MCOs to meet certain medical loss ratios, which increases general fund revenue by \$10.0 million. The Administration must also include any proposed transfers from the Rainy Day Fund in fiscal 2017 and 2018 in separate legislation, instead of in the budget bill. The BRFA of 2015 includes a provision to ensure that planned reversions to two programs under MSDE are realized in fiscal 2015.

As seen in **Exhibit 1.10**, balances in the following funds are transferred to the general fund.

Cost Control Measures and Modifications to Mandates

The BRFA of 2015 includes several provisions that implement cost control and mandate relief. Specifically, the legislation reduces the mandated funding level for the Maryland Agricultural and Resource-Based Industry Development Corporation from \$4.0 million to \$2.875 million for fiscal 2016 through 2021 and extends funding at this level through fiscal 2024. Also, the BRFA of 2015 extends the phase-in of net taxable income education aid grants by one year to fiscal 2019. Additionally, the BRFA of 2015 slows and extends the phase-in of mandated increases to the per-resident amount for aid to regional and State library resource centers and local public libraries through fiscal 2025.

Exhibit 1.10
Budget Reconciliation and Financing Act of 2015
General Fund Transfers
Fiscal 2015-2016

	<u>2015</u>	<u>2016</u>
Local Income Tax Reserve Account	\$100,000,000	
Program Open Space Unencumbered Balance	10,500,000	
Program Open Space		\$37,712,700
Strategic Energy Investment Fund	6,000,000	
Baltimore City Community College	4,000,000	
State Unemployment Trust Fund	4,000,000	4,000,000
Jane E. Lawton Conservation Loan Fund	3,000,000	
Mortgage Lender – Originator Fund	3,000,000	
Board of Nursing	2,500,000	
Waterway Improvement Fund	2,180,000	
Board of Physicians	1,800,000	
Health Personnel Shortage Incentive Fund	1,700,000	
Board of Pharmacy	1,600,000	
Bay Restoration Fund from Cover Crop Program balance	1,375,000	
Spinal Cord Injury Research Trust Fund	500,000	500,000
State Police Helicopter Replacement Fund	269,741	
Sustainable Communities Tax Credit Reserve	58,000	
Total	\$142,482,741	\$42,212,700

Source: Department of Legislative Services

Related to the State Retirement and Pension System, the BRFA of 2015 repeals the corridor funding method and retains a \$75 million supplemental contribution until the system is 85% funded. Further, the legislation requires that one-half of any unappropriated general fund balance in excess of \$10 million be appropriated to the pension fund, up to \$50 million from fiscal 2017 to 2020.

Additionally, the legislation delays a transfer tax repayment until 2019 and specifies that the Local Income Tax Reserve Account be repaid at \$10.0 million per year from fiscal 2017 through 2025. The BRFA of 2015 also reduces the mandated level of funding for the Cybersecurity Tax Credit from \$2.0 million to \$1.5 million in fiscal 2016. Another provision strikes the proposal that the funding mandate for transportation projects necessary to comply with the Watershed Implementation Plan be transferred from either GO bonds or the general fund to

TTF, except in fiscal 2016 only. Additionally, the BRFA of 2015 freezes eligibility under the Quality Teacher Incentive program in fiscal 2016 to teachers who teach in a school identified as a comprehensive needs school in fiscal 2014 and sunsets a portion of the program after fiscal 2016.

Related to health issues, the BRFA of 2015 reduces the Medicaid Deficit Assessment by \$25 million per year beginning in fiscal 2017. Under the Health Services Cost Review Commission, the BRFA of 2015 limits expected savings to Medicaid from lower rates for uncompensated care in fiscal 2016 only. Also, in fiscal 2016 only, the BRFA of 2015 reduces the assessment going to the Maryland Health Insurance Plan. A provision requires that funds coming to the State as a result of an approved merger between Exelon Corporation and Pepco must be appropriated in the State budget. Finally, the BRFA of 2015 also freezes, at the fiscal 2015 level, nonpublic placement provider rates and provider rates set by the Interagency Rates Committee. Finally, the BRFA of 2015 adds a provision to continue the authority to implement the *DeWolfe v. Richmond* decision in fiscal 2016.

Program Oversight and Administration

The BRFA of 2015 includes a number of provisions that affect program oversight and administration. Specifically, the BRFA of 2015 authorizes DHMH to issue controlled dangerous substance permits on a triennial, rather than on a biennial basis. Further, under DDA, the legislation alters the accountability provisions related to community providers and direct employee wages.

Related to transportation issues, the BRFA of 2015 requires the Governor to provide an analysis of the effect of any Administration proposed bill or amendment that would reduce any tax or fee that would otherwise be credited to TTF. The BRFA of 2015 also includes a provision that sets certain financial parameters of the Maryland Transportation Authority (MDTA), including the unencumbered cash balances, debt, and expenses. The legislation also alters a requirement that the Maryland Aviation Administration Fire Rescue Service charge an ambulance transport fee. Additionally, the BRFA of 2015 alters a requirement of a study to be performed by MDTA related to innovative procurement methods.

Provisions Impacting Local Governments

The BRFA of 2015 requires local school boards to report to the State if that system has a structural deficit that requires a transfer of reserve funds. Additionally, the BRFA of 2015 removes the financial contribution requirement of the Baltimore City School System to the Baltimore City School Revitalization Program in fiscal 2016. Also, the BRFA of 2015 authorizes the State income tax credit for tax paid to other states to be claimed against the local income tax, contingent on a decision by the U.S. Supreme Court in *Maryland State Comptroller v. Brian Wynne* against the Comptroller.

Other Provisions

The BRFA of 2015 includes several other provisions, including a provision that prohibits park revenue sharing payments to counties from Forest or Park Reserve Fund non-timber earnings and from the Forest and Park Concession Account in fiscal 2015 only. Provisions relating to State employee compensation prohibit the Administration from adopting pay plans in fiscal 2016 that pay less than plans in effect on January 1, 2015; allow the Administration to institute furloughs or temporary salary actions without BPW approval; permit cost-of-living adjustments to be funded in fiscal 2016; and allow merit increases to employees that are designated as operationally critical.

By the Numbers

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

Exhibit 1.11, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budget No. 1, legislative reductions, and final appropriations for fiscal 2015 and 2016 by fund source. The Governor's original request provided for \$40.7 billion in fiscal 2016 expenditures and \$237.3 million in fiscal 2015 deficiencies.

The Governor added \$25.0 million in fiscal 2016 spending in the supplemental budget. The legislature made \$71.9 million in reductions to fiscal 2015 appropriations, resulting in a net appropriation of \$39.9 billion for fiscal 2015. The fiscal 2016 budget was reduced by a net of \$226.6 million, consisting of \$333.0 million in total fund reductions offset by \$106.3 million in special and federal funds that either replace general fund cuts or are related to the potential restoration of legislative priorities. This resulted in a final appropriation of \$40.4 billion.

Exhibit 1.12 details the general fund budget savings restricted for legislative priorities in Section 48 of Chapter 310 and the priorities authorized to be funded from the savings. The savings result from repaying the \$100 million transfer from the Local Income Tax Reserve Account over 10 years, rather than in fiscal 2016, delaying a transfer tax repayment until fiscal 2019, realizing certain Medicaid savings, funding cash assistance payments with available federal funds, delaying the phase-in of the net taxable income education grants by one year, and increasing bond funding for public school construction projects. Legislative priorities relate primarily to education, State employee compensation, health provider reimbursements, and services for the developmentally disabled.

Exhibit 1.13 illustrates budget changes by major expenditure category by fund. Total spending increases by \$487.1 million, or 1.2%. Debt service grows by \$97.1 million, or 7.5%, based on the issuance of GO debt. Aid to local government increases by \$135.3 million, or 1.7%, largely due to formula-based education aid. Entitlement spending decreases by \$268.2 million, or -2.3%, due to declining caseloads in foster care and Temporary Cash Assistance as well as cuts in Medicaid MCO rates. State agency spending only increases by \$47.0 million, or 0.3%, as employee compensation was largely level funded. PAYGO capital expenditures increase by \$430.4 million, or 16.9%, due mostly to greater spending on transportation projects.

Exhibit 1.11
Fiscal Note – Summary of the Fiscal 2016 Budget Bill – House Bill 70

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
Governor’s Allowance					
Fiscal 2015 Budget	\$16,034,669,194	\$8,084,705,890	\$11,841,285,714	\$4,024,798,408	\$39,985,459,206 ⁽¹⁾
Fiscal 2016 Budget	16,581,588,954	8,382,472,744	11,627,804,125	4,113,590,873	40,705,456,696 ⁽²⁾
Supplemental Budget No. 1					
Fiscal 2015 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2016 Budget	0	25,000,000	0	0	25,000,000
Subtotal	\$0	\$25,000,000	\$0	\$0	\$25,000,000
Budget Reconciliation and Financing Act of 2015					
Fiscal 2015 Contingent Reductions	-\$47,000,000	\$0	\$0	\$0	-\$47,000,000
Fiscal 2016 Contingent Reductions	-84,863,497	-33,458,332 ⁽³⁾	3,365,000	0	-114,956,829
Total Reductions	-\$131,863,497	-\$33,458,332	\$3,365,000	\$0	-\$161,956,829
Legislative Reductions					
Fiscal 2015 Deficiencies	-\$23,323,005	-\$1,538,964 ⁽⁴⁾	\$0	\$0	-\$24,861,969
Fiscal 2016 Budget	-97,912,696	-658,259 ⁽⁵⁾	-13,118,171 ⁽⁵⁾	0	-111,689,126
Total Reductions	-\$121,235,701	-\$2,197,223	-\$13,118,171	\$0	-\$136,551,095
Appropriations					
Fiscal 2015 Budget	\$15,964,346,189	\$8,103,166,926 ⁽⁶⁾	\$11,841,285,714	\$4,024,798,408	\$39,933,597,237
Fiscal 2016 Budget	16,315,712,761 ⁽⁷⁾	8,373,356,153	11,618,050,954	4,113,590,873	40,420,710,741
Change	\$351,366,572	\$270,189,227	-\$223,234,760	\$88,792,465	\$487,113,504

⁽¹⁾ Reflects \$237.3 million in proposed deficiencies, including \$254.4 million in general funds, -\$31.6 million in special funds, \$15.4 million in federal funds, and -\$0.9 million in Current Unrestricted Funds. Reversion assumptions total \$30.3 million, including \$30.0 million in unspecified reversions and \$0.3 million in targeted reversions. There is also a -\$7.5 million across-the-board reduction to reflect savings from a Voluntary Separation Program (VSP). This also includes \$4.8 million in special funds that will be added back by budget amendment in fiscal 2015 to replace general fund reductions adopted by the Board of Public Works on January 7, 2015.

⁽²⁾ Reflects estimated general fund reversions of \$30.0 million. Across-the-board reductions total \$344.1 million reflecting a statewide 2% reduction, the VSP, no funding for employee increments, and an additional across-the-board reduction of \$93.6 million.

⁽³⁾ Includes \$18.9 million in special funds and \$9.3 million in federal funds that will be added back to the budget by budget amendment in fiscal 2016 to replace general fund reductions or restore legislative priorities.

⁽⁴⁾ Includes \$2.0 million in special funds that will be added back to the budget by budget amendment in fiscal 2016 to replace general fund reductions.

⁽⁵⁾ Includes \$9.6 million in special funds and \$68.5 million in federal funds that will be added back to the budget by budget amendment in fiscal 2016 related to restricted funds to restore legislative priorities or general fund reductions.

⁽⁶⁾ Reflects the addition of \$20.0 million from the Rainy Day Fund to the Board of Public Works to address emergency expenses in Baltimore City.

⁽⁷⁾ Fiscal 2016 reflects targeted reversions of \$83.1 million (\$15.0 million for Prince George’s Hospital and \$68.1 million for the Geographic Cost of Education Index).

Exhibit 1.12
Legislative Budget Priorities
(\$ in Millions)

Sources

	<u>GF</u>
Local Income Tax Revenue Repayment	\$90.0
Transfer Tax Repayment	50.0
Medicaid Provider Reimbursements	26.6
Cash Assistance Payments	13.0
Aid to Education Net Taxable Income Phase-in	11.9
Public School Construction Pay-as-you-go	10.2
Total Reductions	\$201.7

Uses

	<u>GF</u>
Fiscal 2015 2% General Salary Increase	\$68.7
Geographic Cost of Education Index*	68.1
Physician Rates (Primary Care – House/B&T; Specialty – B&T)	15.5
Psychiatrist Evaluation and Management Rates	1.1
Community Mental Health Provider Rates	6.5
Home- and Community-based Care Provider Rates	4.8
Medicaid Coverage for Pregnant Women and Family Planning	4.8
Developmental Disabilities Purchase of Care Grants	2.2
Developmental Disabilities Crisis Resolution Services	3.0
Adult Day Care Center Grants	2.1
Substance Abuse Treatment – Heroin Addiction	2.0
Maryland School for the Blind Additional Program Support	1.8
Nonpublic Special Education Placements Provider Rates	1.7
Prince George’s County Hospital Center*	15.0
Nursing Home Rates	4.0
Children’s Medical Day Care Services	0.1
Charter School Funding Study	0.3
Total Funding for Priorities Not Funded by Governor	\$201.7

* Indicates items that the Administration has announced that it will not restore.

B&T: Budget and Taxation Committee

Exhibit 1.13
State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	Actual	Working	Legislative	FY 2015 to FY 2016	
	<u>FY 2014</u>	<u>Appropriation FY 2015</u>	<u>Appropriation FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$83.0	\$140.0	\$252.4	\$112.4	80.3%
County/Municipal	245.6	246.0	252.8	6.8	2.8%
Community Colleges	281.3	290.5	296.1	5.6	1.9%
Education/Libraries	5,601.9	5,770.3	5,813.3	42.9	0.7%
Health	41.7	41.7	45.7	3.9	9.4%
<i>Aid to Local Governments</i>	<i>\$6,170.6</i>	<i>\$6,348.6</i>	<i>\$6,407.9</i>	<i>\$59.2</i>	<i>0.9%</i>
Foster Care Payments	230.6	222.8	193.0	-29.9	-13.4%
Assistance Payments	65.6	73.9	63.4	-10.5	-14.2%
Medical Assistance	2,478.8	2,815.1	2,862.3	47.2	1.7%
Property Tax Credits	78.4	82.0	81.7	-0.2	-0.3%
<i>Entitlements</i>	<i>\$2,853.5</i>	<i>\$3,193.9</i>	<i>\$3,200.4</i>	<i>\$6.6</i>	<i>0.2%</i>
Health	1,559.4	1,262.0	1,294.6	32.6	2.6%
Human Resources	355.9	324.5	361.6	37.1	11.4%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	1.7	8.1%
Juvenile Services	275.6	278.1	281.8	3.6	1.3%
Public Safety/Police	1,363.7	1,421.1	1,447.2	26.1	1.8%
Higher Education	1,205.0	1,287.9	1,335.4	47.5	3.7%
Other Education	383.5	389.8	398.5	8.8	2.3%
Agric./Nat'l. Res./Environment	112.1	132.1	117.6	-14.5	-10.9%
Other Executive Agencies	644.0	664.8	648.7	-16.1	-2.4%
Judiciary	400.3	429.9	452.9	23.0	5.3%
Legislative	78.4	82.3	84.5	2.2	2.7%
Across-the-board Cuts	0.0	-7.5	-49.9	-42.4	565.0%
<i>State Agencies</i>	<i>\$6,397.9</i>	<i>\$6,285.8</i>	<i>\$6,395.4</i>	<i>\$109.6</i>	<i>1.7%</i>
Total Operating	\$15,504.9	\$15,968.3	\$16,256.1	\$287.8	1.8%
Capital ⁽¹⁾	42.7	11.5	29.6	18.0	156.2%
Subtotal	\$15,547.6	\$15,979.8	\$16,285.7	\$305.9	1.9%
Reserve Funds	55.3	14.8	60.0	45.2	305.8%
Appropriations	\$15,602.8	\$15,994.6	\$16,345.7	\$351.1	2.2%
Reversions	0.0	-30.3	-30.0	0.3	-0.9%
Grand Total	\$15,602.8	\$15,964.3	\$16,315.7	\$351.4	2.2%

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

Note: The fiscal 2015 working appropriation reflects \$197.8 million in reductions approved by the Board of Public Works on January 7. It also includes deficiencies, legislative reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70).

Exhibit 1.13 (Continued)
State Expenditures – Special and Higher Education Funds*
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Working</u>	<u>Legislative</u>	<u>FY 2015 to FY 2016</u>	
	<u>FY 2014</u>	<u>Appropriation</u> <u>FY 2015</u>	<u>Appropriation</u> <u>FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,086.8	\$1,143.3	\$1,128.0	-\$15.3	-1.3%
County/Municipal	261.5	262.9	273.9	11.1	4.2%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	389.7	386.8	394.0	7.2	1.9%
Health	0.0	0.0	0.0	0.0	n/a
<i>Aid to Local Governments</i>	<i>\$651.1</i>	<i>\$649.7</i>	<i>\$668.0</i>	<i>\$18.3</i>	<i>2.8%</i>
Foster Care Payments	1.2	5.5	4.8	-0.7	-12.0%
Assistance Payments	1.0	18.6	16.6	-2.0	-10.5%
Medical Assistance	870.1	985.1	951.7	-33.5	-3.4%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	<i>\$872.3</i>	<i>\$1,009.2</i>	<i>\$973.1</i>	<i>-\$36.1</i>	<i>-3.6%</i>
Health	511.8	474.5	438.3	-36.2	-7.6%
Human Resources	103.8	96.9	90.6	-6.2	-6.4%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	4.2	5.0	4.9	-0.1	-1.2%
Public Safety/Police	189.7	218.1	222.0	3.9	1.8%
Higher Education	3,945.8	4,093.5	4,185.4	91.9	2.2%
Other Education	62.2	61.8	51.9	-9.9	-16.0%
Transportation	1,744.8	1,671.4	1,758.5	87.1	5.2%
Agric./Nat'l. Res./Environment	206.1	228.5	255.2	26.8	11.7%
Other Executive Agencies	579.8	711.2	672.9	-38.3	-5.4%
Judiciary	44.9	64.1	64.7	0.6	0.9%
Legislative	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	-5.8	-5.8	n/a
<i>State Agencies</i>	<i>\$7,392.9</i>	<i>\$7,624.9</i>	<i>\$7,738.8</i>	<i>\$113.8</i>	<i>1.5%</i>
Total Operating	\$10,003.1	\$10,427.1	\$10,507.9	\$80.8	0.8%
Capital	1,256.9	1,700.9	1,979.0	278.2	16.4%
-- Transportation	985.4	1,449.4	1,728.0	278.6	19.2%
-- Environment	200.7	197.6	193.3	-4.3	-2.2%
-- Other	70.8	53.8	57.7	3.9	7.2%
Grand Total	\$11,260.05	\$12,128.0	\$12,486.9	\$359.0	3.0%

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

Note: The fiscal 2015 working appropriation reflects \$7.5 million in reductions approved by the Board of Public Works on January 7, additional special fund spending of \$6.8 million due to funding swaps, deficiencies and legislative reductions to the deficiencies. The fiscal 2016 legislative appropriation reflects \$12.9 million in additional special fund spending due to funding swaps.

Exhibit 1.13 (Continued)
State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2014</u>	Working	Legislative	FY 2015 to FY 2016	
		<u>Appropriation FY 2015</u>	<u>Appropriation FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.4	\$11.5	\$11.5	\$0.0	-0.1%
County/Municipal	58.9	53.1	65.9	12.8	24.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	732.8	802.3	847.3	45.0	5.6%
Health	4.5	4.5	4.5	0.0	0.0%
<i>Aid to Local Governments</i>	<i>\$796.2</i>	<i>\$859.9</i>	<i>\$917.7</i>	<i>\$57.8</i>	<i>6.7%</i>
Foster Care Payments	71.6	90.6	98.7	8.0	8.8%
Assistance Payments	1,287.9	1,364.5	1,259.5	-105.0	-7.7%
Medical Assistance	4,236.8	6,112.5	5,970.8	-141.7	-2.3%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	<i>\$5,596.2</i>	<i>\$7,567.7</i>	<i>\$7,329.0</i>	<i>-\$238.7</i>	<i>-3.2%</i>
Health	1,271.8	1,011.9	884.3	-127.6	-12.6%
Human Resources	458.3	514.6	501.0	-13.5	-2.6%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.9	7.1	7.4	0.2	3.2%
Public Safety/Police	32.4	30.0	30.2	0.2	0.5%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	324.4	263.6	248.9	-14.8	-5.6%
Transportation	90.6	93.7	95.0	1.3	1.3%
Agric./Nat'l. Res./Environment	58.8	71.1	64.7	-6.4	-9.0%
Other Executive Agencies	544.4	576.7	568.5	-8.2	-1.4%
Judiciary	5.1	1.7	0.1	-1.6	-94.1%
Across-the-board Cuts	0.0	0.0	-6.0	-6.0	n/a
<i>State Agencies</i>	<i>\$2,793.6</i>	<i>\$2,570.5</i>	<i>\$2,394.1</i>	<i>-\$176.5</i>	<i>-6.9%</i>
Total Operating	\$9,197.5	\$11,009.6	\$10,652.2	-\$357.4	-3.2%
Capital	830.0	831.7	965.9	134.2	16.1%
-- Transportation	741.1	763.8	861.5	97.7	12.8%
-- Environment	44.6	41.3	44.9	3.6	8.6%
-- Other	44.4	26.5	59.5	33.0	124.2%
Grand Total	\$10,027.5	\$11,841.3	\$11,618.1	-\$223.2	-1.9%

Note: The fiscal 2015 working appropriation includes \$15.4 million in deficiencies.

Exhibit 1.13 (Continued)
State Expenditures – State Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Working</u>	<u>Legislative</u>	<u>FY 2015 to FY 2016</u>	
	<u>FY 2014</u>	<u>Appropriation</u> <u>FY 2015</u>	<u>Appropriation</u> <u>FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,169.8	\$1,283.3	\$1,380.4	\$97.1	7.6%
County/Municipal	507.1	508.9	526.8	17.9	3.5%
Community Colleges	281.3	290.5	296.1	5.6	1.9%
Education/Libraries	5,991.6	6,157.1	6,207.3	50.1	0.8%
Health	41.7	41.7	45.7	3.9	9.4%
Aid to Local Governments	\$6,821.7	\$6,998.3	\$7,075.8	\$77.5	1.1%
Foster Care Payments	231.8	228.3	197.8	-30.5	-13.4%
Assistance Payments	66.6	92.5	80.0	-12.5	-13.5%
Medical Assistance	3,348.9	3,800.3	3,814.0	13.7	0.4%
Property Tax Credits	78.4	82.0	81.7	-0.2	-0.3%
Entitlements	\$3,725.8	\$4,203.1	\$4,173.5	-\$29.5	-0.7%
Health	2,071.2	1,736.5	1,732.9	-3.6	-0.2%
Human Resources	459.7	421.4	452.2	30.9	7.3%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	1.7	8.1%
Juvenile Services	279.8	283.1	286.7	3.6	1.3%
Public Safety/Police	1,553.3	1,639.2	1,669.2	30.0	1.8%
Higher Education	5,150.8	5,381.4	5,520.8	139.4	2.6%
Other Education	445.7	451.6	450.5	-1.1	-0.2%
Transportation	1,744.8	1,671.4	1,758.5	87.1	5.2%
Agric./Nat'l. Res./Environment	318.2	360.5	372.8	12.3	3.4%
Other Executive Agencies	1,223.7	1,376.0	1,321.6	-54.4	-4.0%
Judiciary	445.2	494.0	517.6	23.6	4.8%
Legislative	78.4	82.3	84.5	2.2	2.7%
Across-the-board Cuts	0.0	-7.5	-55.7	-48.2	642.1%
State Agencies	\$13,790.8	\$13,910.8	\$14,134.2	\$223.5	1.6%
Total Operating	\$25,508.0	\$26,395.4	\$26,764.0	\$368.6	1.4%
Capital ⁽¹⁾	1,299.6	1,712.4	2,008.6	296.2	17.3%
– Transportation	985.4	1,449.4	1,728.0	278.6	19.2%
– Environment	201.0	198.6	194.0	-4.6	-2.3%
– Other	113.2	64.3	86.6	22.2	34.5%
Subtotal	\$26,807.6	\$28,107.8	\$28,772.6	\$664.8	2.4%
Reserve Funds	55.3	14.8	60.0	45.2	305.8%
Appropriations	\$26,862.9	\$28,122.6	\$28,832.6	\$710.1	2.5%
Reversions	0.0	-30.3	-30.0	0.3	-0.9%
Grand Total	\$26,862.9	\$28,092.3	\$28,802.6	\$710.3	2.5%

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

Note: The fiscal 2015 working appropriation reflects \$205.3 million in reductions approved by the Board of Public Works on January 7 and additional special funds spending of \$6.8 million due to funding swaps. It also includes deficiencies, reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects \$12.9 million in additional special fund spending due to funding swaps.

Exhibit 1.13 (Continued)
State Expenditures – All Funds
(\$ in Millions)

<u>Category</u>	Actual	Working	Legislative	FY 2015 to FY 2016	
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,181.2	\$1,294.8	\$1,391.9	\$97.1	7.5%
County/Municipal	566.0	562.0	592.7	30.7	5.5%
Community Colleges	281.3	290.5	296.1	5.6	1.9%
Education/Libraries	6,724.4	6,959.5	7,054.5	95.1	1.4%
Health	46.2	46.2	50.2	3.9	8.5%
<i>Aid to Local Governments</i>	<i>\$7,617.9</i>	<i>\$7,858.2</i>	<i>\$7,993.5</i>	<i>\$135.3</i>	<i>1.7%</i>
Foster Care Payments	303.4	319.0	296.5	-22.5	-7.1%
Assistance Payments	1,354.6	1,457.0	1,339.6	-117.5	-8.1%
Medical Assistance	7,585.6	9,912.8	9,784.8	-128.0	-1.3%
Property Tax Credits	78.4	82.0	81.7	-0.2	-0.3%
<i>Entitlements</i>	<i>\$9,322.0</i>	<i>\$11,770.8</i>	<i>\$11,502.5</i>	<i>-\$268.2</i>	<i>-2.3%</i>
Health	3,342.9	2,748.3	2,617.2	-131.2	-4.8%
Human Resources	918.0	935.9	953.3	17.4	1.9%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	1.7	8.1%
Juvenile Services	287.7	290.2	294.1	3.8	1.3%
Public Safety/Police	1,585.7	1,669.2	1,699.4	30.2	1.8%
Higher Education	5,150.8	5,381.4	5,520.8	139.4	2.6%
Other Education	770.1	715.2	699.3	-15.9	-2.2%
Transportation	1,835.3	1,765.1	1,853.5	88.4	5.0%
Agric./Nat'l. Res./Environment	377.0	431.6	437.5	5.9	1.4%
Other Executive Agencies	1,768.1	1,952.7	1,890.1	-62.6	-3.2%
Judiciary	450.2	495.8	517.7	21.9	4.4%
Legislative	78.4	82.3	84.5	2.2	2.7%
Across-the-board Cuts	0.0	-7.5	-61.6	-54.1	721.6%
<i>State Agencies</i>	<i>\$16,584.4</i>	<i>\$16,481.3</i>	<i>\$16,528.3</i>	<i>\$47.0</i>	<i>0.3%</i>
Total Operating	\$34,705.5	\$37,405.0	\$37,416.2	\$11.2	0.0%
Capital ⁽¹⁾	2,129.6	2,544.1	2,974.5	430.4	16.9%
– Transportation	1,726.5	2,213.3	2,589.5	376.2	17.0%
– Environment	245.6	239.9	238.9	-1.0	-0.4%
– Other	157.5	90.9	146.1	55.2	60.7%
<i>Subtotal</i>	<i>\$36,835.1</i>	<i>\$39,949.1</i>	<i>\$40,390.7</i>	<i>\$441.6</i>	<i>1.1%</i>
Reserve Funds	55.3	14.8	60.0	45.2	305.8%
Appropriations	\$36,890.4	\$39,963.9	\$40,450.7	\$486.8	1.2%
Reversions	0.0	-30.3	-30.0	0.3	-0.9%
Grand Total	\$36,890.4	\$39,933.6	\$40,420.7	\$487.1	1.2%

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

Note: The fiscal 2015 working appropriation reflects \$205.3 million in reductions approved by the Board of Public Works on January 7 and additional special fund spending of \$6.8 million due to funding swaps. It also includes deficiencies, legislative reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects \$12.9 million in additional special fund spending due to funding swaps.

Chapter 2. State Capital Program

- Summary
- Debt Affordability
- Higher Education
- School Construction
- Transfer Tax

Summary

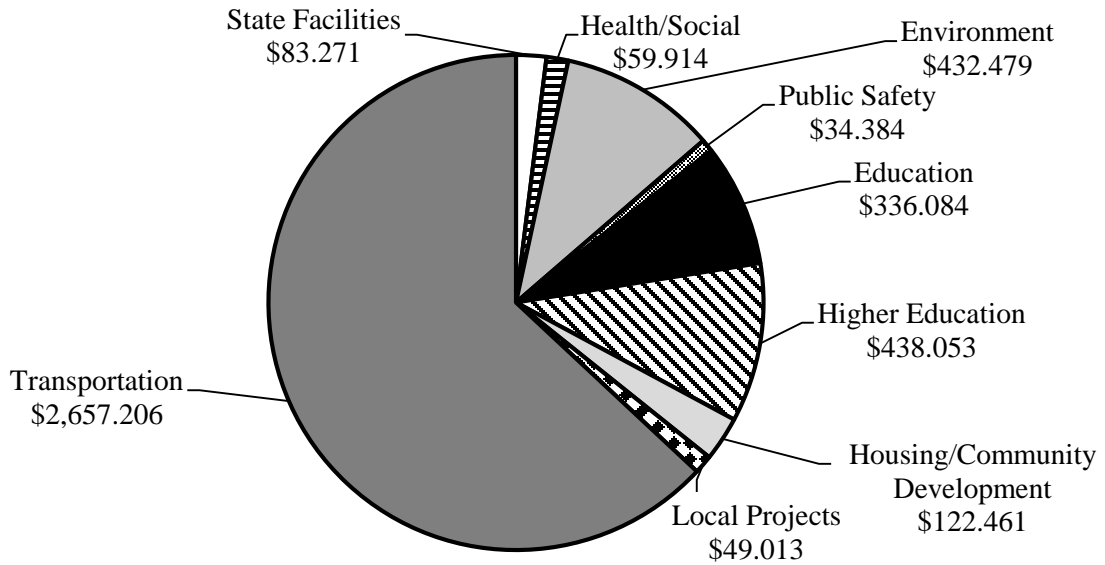
The 2015 General Assembly passed a fiscal 2016 capital budget program totaling \$4.215 billion, including \$2.657 billion for the transportation program but excluding deficiencies that affect fiscal 2015. The Governor, in accordance with Section 17(e) of Article II of the Maryland Constitution, exercised line item veto authority and reduced the level of general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2015 by \$2.0 million for a revised fiscal 2016 capital budget program total of \$4.213 billion. Apart from transportation and adjusting for the impact of the Governor's line item veto, the program totals \$1.556 billion: \$1.062 billion is funded with GO bonds authorized in the MCCBL of 2015, the 2015 capital budget **House Bill 71 (Chapter 495)**; \$4.625 million is funded with general obligation Qualified Zone Academy Bonds (QZAB) authorized in **House Bill 110 (Chapter 401)**; \$386.5 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; \$48.4 million is funded with attained and estimated bond premium proceeds; and \$54.5 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland (USM) facilities authorized in **House Bill 1182 (Chapter 471)**.

Exhibit 2.1 provides a summary of the capital program by uses and sources, **Exhibit 2.2** presents an overview of the State's capital program for fiscal 2016, **Exhibit 2.3** provides a detailed list of capital projects and programs by function and fund source, and **Exhibit 2.4** provides the individual legislative initiative projects funded in the MCCBL of 2015. The MCCBL of 2015 includes funding for:

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

Exhibit 2.1
Fiscal 2016 Capital Program Uses and Sources
 (\$ in Millions)

Uses



Sources

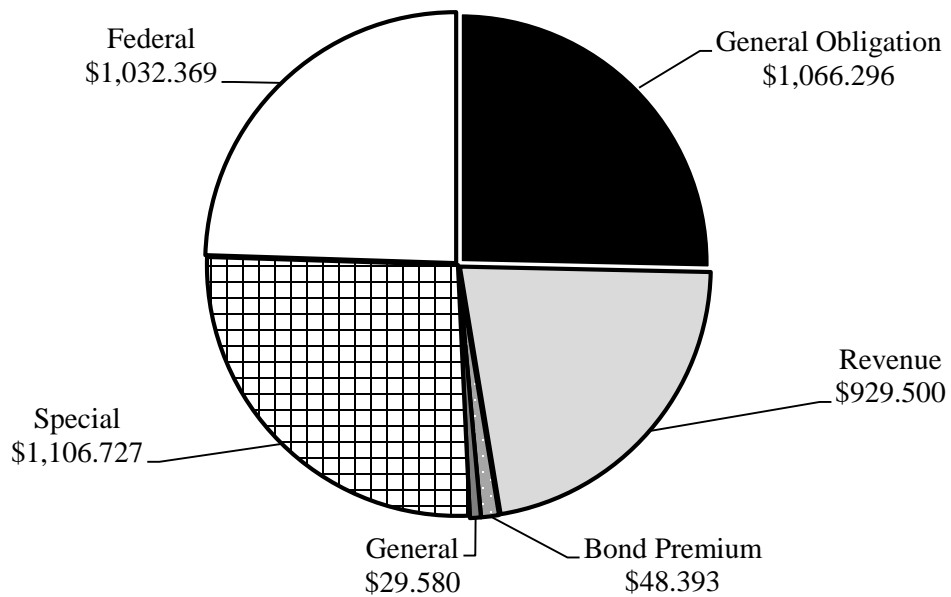


Exhibit 2.2
Capital Program Summary for the 2015 Session
(\$ in Millions)

<u>Function</u>	<u>Bond</u>		<u>Bond Premium</u>	<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>GO</u>	<u>Revenue</u>		<u>General</u>	<u>Special</u>	<u>Federal</u>	
State Facilities							\$83.3
Facilities Renewal	\$11.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
State Facilities – Other	34.1	0.0	0.0	0.1	0.0	38.0	
Health/Social							\$59.9
Health – Other	10.8	0.0	0.0	0.0	0.0	0.0	
Private Hospitals	47.1	0.0	0.0	2.0	0.0	0.0	
Environment							\$432.5
Agriculture	2.0	0.0	17.0	0.0	10.0	0.0	
Energy	0.0	0.0	0.0	0.0	3.0	1.2	
Environment	43.6	0.0	0.0	0.7	193.3	44.9	
MD Env. Services	16.5	0.0	0.0	0.0	0.0	0.0	
Natural Resources	51.5	0.0	31.4	0.0	13.9	3.6	
Public Safety							\$34.4
Local Jails	0.8	0.0	0.0	0.0	0.0	0.0	
State Corrections	31.5	0.0	0.0	0.0	0.0	0.0	
State Police	2.1	0.0	0.0	0.0	0.0	0.0	
Education							\$336.1
Education – Other	21.9	0.0	0.0	0.0	0.0	0.0	
School Construction	314.2	0.0	0.0	0.0	0.0	0.0	
Higher Education							\$438.1
Community Colleges	54.9	0.0	0.0	0.0	0.0	0.0	
Morgan State University	35.6	0.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	9.6	0.0	0.0	0.0	0.0	0.0	
St. Mary’s College of MD	10.5	0.0	0.0	0.0	0.0	0.0	
University System	272.9	54.5	0.0	0.0	0.0	0.0	
Housing/Community Development							\$122.5
Housing	48.2	0.0	0.0	15.0	32.1	16.7	
Housing Other	1.3	0.0	0.0	9.0	0.3	0.0	
Local Projects							\$49.0
Project Administration	23.0	0.0	0.0	0.0	0.0	0.0	
Project Legislative	23.2	0.0	0.0	2.8	0.0	0.0	
De-authorizations							-\$18.7
De-authorizations	-9.4	0.0	0.0	0.0	0.0	0.0	
De-authorizations – Other	-9.3	0.0	0.0	0.0	0.0	0.0	
Total	\$1,047.6	\$54.5	\$48.4	\$29.6	\$252.5	\$104.4	\$1,537.0
Fiscal 2015 Deficiencies	\$0.0	\$0.0	\$0.0	-\$1.0	-\$7.1	\$0.7	-\$7.4
Transportation CTP	\$0.0	\$875.0	\$0.0	\$0.0	\$854.2	\$928.0	\$2,657.2
Grand Total	\$1,047.6	\$929.5	\$48.4	\$28.6	\$1,099.6	\$1,033.1	\$4,186.8

CTP: Consolidated Transportation Program
PAYGO: pay-as-you-go

GO: general obligation

Exhibit 2.3
Capital Program for the 2015 Session

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
	State Facilities							
D55P04A	DVA: Rocky Gap Veterans Cemetery Burial Expansion	\$0	\$0	\$0	\$80,000	\$0	\$3,811,000	\$3,891,000
DA0201A	MDOD: Accessibility Modifications	1,600,000	0	0	0	0	0	1,600,000
DE0201A	BPW: Construction Contingency Fund	2,500,000	0	0	0	0	0	2,500,000
DE0201B	BPW: Facilities Renewal Program	8,555,000	0	0	0	0	0	8,555,000
DE0201C	BPW: State House Complex Historic Repairs	250,000	0	0	0	0	0	250,000
DH0104A	MD: Freedom Readiness Center	1,300,000	0	0	0	0	0	1,300,000
DH0104B	MD: Havre de Grace Readiness Center	625,000	0	0	0	0	12,400,000	13,025,000
DH0104C	MD: Easton Readiness Center	0	0	0	0	0	13,800,000	13,800,000
DH0104D	MD: Havre de Grace Combined Support Maintenance Shop Automotive Center	0	0	0	0	0	8,000,000	8,000,000
FB04A	DoIT: Public Safety Communication System	29,950,000	0	0	0	0	0	29,950,000
RP0005A	MPBC: Broadcasting Transmission Systems Replacement	400,000	0	0	0	0	0	400,000
	Subject Category Subtotal	\$45,180,000	\$0	\$0	\$80,000	\$0	\$38,011,000	\$83,271,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
	Health/Social							
DA07A	MDOA: Senior Centers Grant Program	\$1,012,000	\$0	\$0	\$0	\$0	\$0	\$1,012,000
DE0202	BPW: Sinai Hospital Infrastructure Improvements	0	0	0	2,000,000	0	0	2,000,000
MA01A	DHMH: Community Health Facilities Grant Program	5,263,000	0	0	0	0	0	5,263,000
MA01B	DHMH: Federally Qualified Health Centers	371,000	0	0	0	0	0	371,000
RQ00A	UMMS: NICU and Labor and Delivery Suite Renovation	6,000,000	0	0	0	0	0	6,000,000
RQ00B	UMMS: R Adams Cowley Shock Trauma Center – Phase II	5,500,000	0	0	0	0	0	5,500,000
VE01A	DJS: Cheltenham Youth Facility	1,631,000	0	0	0	0	0	1,631,000
VE01B	DJS: New Female Detention Center	2,525,000	0	0	0	0	0	2,525,000
ZA00S	MISC: Kennedy Krieger Institute	2,000,000	0	0	0	0	0	2,000,000
ZA00O	MISC: Prince George’s Hospital System	30,000,000	0	0	0	0	0	30,000,000
ZA01A	MISC: Adventist Behavioral Health Potomac Unit Renovations	334,000	0	0	0	0	0	334,000
ZA01B	MISC: Doctors Community Hospital Crescent Cities Center Renovation	380,000	0	0	0	0	0	380,000
ZA01C	MISC: Mercy Medical Center	1,900,000	0	0	0	0	0	1,900,000
ZA01D	MISC: University of Maryland Medical Center Midtown Campus Renal Dialysis Unit	750,000	0	0	0	0	0	750,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA01E	MISC: Washington Adventist Hospital Center for Advanced Care	248,000	0	0	0	0	0	248,000
	Subject Category Subtotal	\$57,914,000	\$0	\$0	\$2,000,000	\$0	\$0	\$59,914,000
	Environment							
DA131302	MEA: Jane E. Lawton Loan Program	\$0	\$0	\$0	\$0	\$1,750,000	\$0	\$1,750,000
DA131303	MEA: State Agency Loan Program	0	0	0	0	1,200,000	1,200,000	2,400,000
KA05A	DNR: Community Parks and Playgrounds	5,000,000	0	0	0	0	0	5,000,000
KA05B	DNR: Critical Maintenance Projects	2,838,000	0	0	0	3,250,508	0	6,088,508
KA05C	DNR: Natural Resources Development Fund	5,284,821	0	0	0	1,947,000	0	7,231,821
KA05D	DNR: Ocean City Beach Maintenance	1,000,000	0	0	0	500,000	0	1,500,000
KA05E1	DNR: Program Open Space – Stateside	0	0	21,602,750	0	1,500,000	3,000,000	26,102,750
KA05E2	DNR: Program Open Space – Local	29,759,313	0	375,587	0	0	0	30,134,900
KA05F	DNR: Rural Legacy Program	0	0	9,370,500	0	711,649	0	10,082,149
KA1102A	DNR: Waterway Improvement Program	0	0	0	0	6,000,000	587,000	6,587,000
KA1701A	DNR: Oyster Restoration Program	7,600,000	0	0	0	0	0	7,600,000
LA11A	MDA: Maryland Agricultural Land Preservation Program	0	0	17,044,500	0	9,100,000	0	26,144,500
LA12A	MDA: Tobacco Transition Program	0	0	0	0	868,000	0	868,000
LA15A	MDA: Maryland Agricultural Cost-Share Program	2,000,000	0	0	0	0	0	2,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	Bond Premium	General	Special	Federal	
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	0	700,000	0	0	700,000
UA0111	MDE: Enhanced Nutrient Removal Program	0	0	0	0	80,000,000	0	80,000,000
UA0112	MDE: Septic System Upgrade Program	0	0	0	0	14,000,000	0	14,000,000
UA01A1	MDE: Biological Nutrient Removal Program	26,500,000	0	0	0	0	0	26,500,000
UA01A2	MDE: Supplemental Assistance Program	4,157,000	0	0	0	0	0	4,157,000
UA01B	MDE: Maryland Drinking Water Revolving Loan Fund	3,003,000	0	0	0	10,038,000	10,959,000	24,000,000
UA01C	MDE: Maryland Water Quality Revolving Loan Fund	6,782,000	0	0	0	89,308,000	33,910,000	130,000,000
UA01D	MDE: Mining Remediation Program	500,000	0	0	0	0	0	500,000
UA01E	MDE: Water Supply Financial Assistance Program	2,661,000	0	0	0	0	0	2,661,000
UB00A	MES: Infrastructure Improvement Fund	16,471,000	0	0	0	0	0	16,471,000
	Subject Category Subtotal	\$113,556,134	\$0	\$48,393,337	\$700,000	\$220,173,157	\$49,656,000	\$432,478,628
	Public Safety							
QR0202A	DPSCS: Housing Unit Windows and Steam Heating System	\$1,405,000	\$0	\$0	\$0	\$0	\$0	\$1,405,000
QS0208A	DPSCS: Hot Water and Steam Systems Improvements	4,925,000	0	0	0	0	0	4,925,000
QS0209A	DPSCS: 560-bed Minimum Security Compound	3,495,000	0	0	0	0	0	3,495,000
QT0302A	DPSCS: New Youth Detention Center	21,630,000	0	0	0	0	0	21,630,000
WA01A	DSP: New Flight Training Facility	2,100,000	0	0	0	0	0	2,100,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	Bond Premium	General	Special	Federal	
ZB02A	DPSCS: Montgomery County Pre-Release Center	280,000	0	0	0	0	0	280,000
ZB02B	DPSCS: Prince George's County Correctional Center	549,000	0	0	0	0	0	549,000
	Subject Category Subtotal	\$34,384,000	\$0	\$0	\$0	\$0	\$0	\$34,384,000
	Education							
DE0202A	BPW: Public School Construction Program	\$280,000,000	\$0	\$0	\$0	\$0	\$0	\$280,000,000
DE0202B	BPW: Aging Schools Program	6,109,000	0	0	0	0	0	6,109,000
DE0202C	BPW: Capital Grant Program for Local School Systems with Significant Enrollment Growth	20,000,000	0	0	0	0	0	20,000,000
DE0202D	BPW: Non-Public Aging Schools Program	3,500,000	0	0	0	0	0	3,500,000
DE0202QZ	BPW: Qualified Zone Academy Bond Program	4,625,000	0	0	0	0	0	4,625,000
RA01A	MSDE: Public Library Capital Grant Program	5,000,000	0	0	0	0	0	5,000,000
RA01B	MSDE: State Library Resource Center	16,850,000	0	0	0	0	0	16,850,000
	Subject Category Subtotal	\$336,084,000	\$0	\$0	\$0	\$0	\$0	\$336,084,000
	Higher Education							
RB21A	UMB: Health Sciences Research Facility III	\$81,550,000	\$0	\$0	\$0	\$0	\$0	\$81,550,000
RB22A	UMCP: Campuswide Building System and Infrastructure Improvements	5,000,000	5,000,000	0	0	0	0	10,000,000
RB22B	UMCP: Edward St. John Learning and Teaching Center	65,650,000	0	0	0	0	0	65,650,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	Bond Premium	General	Special	Federal	
RB22C	UMCP: Human Performance and Academic Research Facility	2,000,000	0	0	0	0	0	2,000,000
RB22D	UMCP: New Bioengineering Building	10,000,000	20,000,000	0	0	0	0	30,000,000
RB22E	UMCP: High Speed Data Computing Infrastructure Improvements	1,017,000	0	0	0	0	0	1,017,000
RB23A	BSU: New Natural Sciences Center	39,728,000	0	0	0	0	0	39,728,000
RB25A	UMES: New Engineering and Aviation Science Building	6,498,000	0	0	0	0	0	6,498,000
RB26A	FSU: Public Safety Facility	5,105,000	0	0	0	0	0	5,105,000
RB29A	SU: New Academic Commons	40,680,000	12,500,000	0	0	0	0	53,180,000
RB31A	UMBC: Interdisciplinary Life Sciences Building	6,000,000	0	0	0	0	0	6,000,000
RB34A	UMCES: New Environmental Sustainability Research Laboratory	4,531,000	0	0	0	0	0	4,531,000
RB36A	USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	4,716,000	0	0	0	0	0	4,716,000
RB36B	USMO: Capital Facilities Renewal Program	0	17,000,000	0	0	0	0	17,000,000
RB36C	USMO: Southern Maryland Regional Higher Education Center	450,000	0	0	0	0	0	450,000
RD00A	SMCM: Anne Arundel Hall Reconstruction	10,482,000	0	0	0	0	0	10,482,000
RI00A	MHEC: Community College Facilities Program	54,926,000	0	0	0	0	0	54,926,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
RM00A	MSU: Campuswide Utility Upgrades	4,613,000	0	0	0	0	0	4,613,000
RM00B	MSU: New Behavioral and Social Sciences Center	31,007,000	0	0	0	0	0	31,007,000
ZA00J	MICUA: Johns Hopkins University Bloomberg School of Public Health	3,200,000	0	0	0	0	0	3,200,000
ZA00K	MICUA: Notre Dame of Maryland University Gibbons Hall	3,200,000	0	0	0	0	0	3,200,000
ZA00L	MICUA: Washington Adventist University Health Sciences Building	3,200,000	0	0	0	0	0	3,200,000
	Subject Category Subtotal	\$383,553,000	\$54,500,000	\$0	\$0	\$0	\$0	\$438,053,000
	Housing/Community Development							
DW0108A	MDOP: St. Leonard's Creek Shoreline Erosion Control	\$261,000	\$0	\$0	\$0	\$0	\$0	\$261,000
DW0110A	MDOP: African American Heritage Preservation Program	1,000,000	0	0	0	0	0	1,000,000
DW0110B	MDOP: Historical Trust Capital Revolving Loan Fund	0	0	0	0	300,000	0	300,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	0	9,000,000	0	0	9,000,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	0	10,000,000	10,000,000
SA24A	DHCD: Community Legacy Program	6,000,000	0	0	0	0	0	6,000,000
SA24B	DHCD: Neighborhood Business Development Program	3,500,000	0	0	0	1,050,000	0	4,550,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	Bond Premium	General	Special	Federal	
SA24C	DHCD: Strategic Demolition Smart Growth Impact Fund	7,500,000	0	0	0	0	0	7,500,000
SA24D	DHCD: Baltimore Regional Neighborhood Demonstration Initiative	3,000,000	0	0	0	0	0	3,000,000
SA2514A	DHCD: MD-BRAC Preservation Loan Fund	0	0	0	0	3,500,000	0	3,500,000
SA25A	DHCD: Homeownership Programs	4,800,000	0	0	5,000,000	1,200,000	700,000	11,700,000
SA25B	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	0	6,000,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	1,500,000	0	0	0	0	0	1,500,000
SA25D	DHCD: Special Loan Program	5,850,000	0	0	0	1,550,000	3,000,000	10,400,000
SA25E	DHCD: Rental Housing Program	10,000,000	0	0	10,000,000	24,750,000	3,000,000	47,750,000
	Subject Category Subtotal	\$49,411,000	\$0	\$0	\$24,000,000	\$32,350,000	\$16,700,000	\$122,461,000
	Local Projects							
DE0202	BPW: Prince George's County Athletic Fields	\$0	\$0	\$0	\$2,800,000	\$0	\$0	\$2,800,000
DU0002	CPPDA: Footer Dye Works	1,150,000	0	0	0	0	0	1,150,000
ZA00A	MISC: Allegany Museum	475,000	0	0	0	0	0	475,000
ZA00B	MISC: Baltimore Museum of Art	1,000,000	0	0	0	0	0	1,000,000
ZA00C	MISC: Clarence H. "Du" Burns Memorial Statue	200,000	0	0	0	0	0	200,000
ZA00D	MISC: Cumberland-Washington Street Lighting Project	93,000	0	0	0	0	0	93,000
ZA00E	MISC: Downtown Partnership of Baltimore	1,000,000	0	0	0	0	0	1,000,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00F	MISC: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	0	5,000,000
ZA00G	MISC: Govans Ecumenical Development Corporation Stadium Place Development	500,000	0	0	0	0	0	500,000
ZA00H	MISC: Maryland Food Bank	3,500,000	0	0	0	0	0	3,500,000
ZA00M	MISC: Maryland Zoo in Baltimore Infrastructure Improvements	5,000,000	0	0	0	0	0	5,000,000
ZA00N	MISC: National Cyber Security Center of Excellence	2,000,000	0	0	0	0	0	2,000,000
ZA00P	MISC: Sports Legends Museum Renovations	250,000	0	0	0	0	0	250,000
ZA00Q	MISC: Strathmore Hall	1,000,000	0	0	0	0	0	1,000,000
ZA00R	MISC: Walters Art Museum	1,000,000	0	0	0	0	0	1,000,000
ZA00T	MISC: Niarchos Parkway Film Center	2,000,000	0	0	0	0	0	2,000,000
ZA00U	MISC: James Brice House	250,000	0	0	0	0	0	250,000
ZA00V	MISC: Camp Woodlands Restoration Project	250,000	0	0	0	0	0	250,000
ZA00W	MISC: Stabilization Center	3,600,000	0	0	0	0	0	3,600,000
ZA00X	MISC: National Center on Institutions and Alternatives Expansion Project	350,000	0	0	0	0	0	350,000
ZA00Y	MISC: Randallstown High School	500,000	0	0	0	0	0	500,000
ZA00Z	MISC: Ripken Stadium Infrastructure	500,000	0	0	0	0	0	500,000
ZA00AA	MISC: Marlton Swim and Recreation Facility	75,000	0	0	0	0	0	75,000
ZA00AB	MISC: Calvert Soccer Association Fields	100,000	0	0	0	0	0	100,000
ZA00AC	MISC: The Writer's Center	250,000	0	0	0	0	0	250,000

<u>Budget Code</u>	<u>Project Title</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total Funds</u>
		<u>General Obligation</u>	<u>Revenue</u>	<u>Bond Premium</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
ZA00AD	MISC: National Cryptological Museum Cyber Center of Education and Innovation	1,000,000	0	0	0	0	0	1,000,000
ZA00AE	MISC: Port Discovery Children's Museum	250,000	0	0	0	0	0	250,000
ZA00AF	MISC: Merriweather Post Pavilion Infrastructure Enhancements	2,000,000	0	0	0	0	0	2,000,000
ZA00AG	MISC: Mt. Calvary Softball Field	150,000	0	0	0	0	0	150,000
ZA00AH	MISC: Cornerstone Montgomery and Interfaith Works Project	150,000	0	0	0	0	0	150,000
ZA00AI	MISC: Highway and Street Improvements Baltimore County	1,000,000	0	0	0	0	0	1,000,000
ZA00AJ	MISC: Stadium Square Mixed-Use Project	500,000	0	0	0	0	0	500,000
ZA00AK	MISC: Baltimore Arts Realty Corp. Open Works Center for Advanced Fabrication Technologies Project	500,000	0	0	0	0	0	500,000
ZA00AL	MISC: Agricultural Research and Exposition Foundation	50,000	0	0	0	0	0	50,000
ZA00AM	MISC: Allegany County Animal Shelter Adoption and Care Center	100,000	0	0	0	0	0	100,000
ZA00AN	MISC: Arthur Perdue Stadium	270,000	0	0	0	0	0	270,000
ZA00AO	MISC: Chesapeake Bay Maritime Museum	200,000	0	0	0	0	0	200,000
ZA02	MISC: Local House Initiatives	5,000,000	0	0	0	0	0	5,000,000
ZA03	MISC: Local Senate Initiatives	5,000,000	0	0	0	0	0	5,000,000
	Subject Category Subtotal	\$46,213,000	\$0	\$0	\$2,800,000	\$0	\$0	\$49,013,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	Bond Premium	General	Special	Federal	
	Current Year Nontransportation Total	\$1,066,295,134	\$54,500,000	\$48,393,337	\$29,580,000	\$252,523,157	\$104,367,000	\$1,555,658,628
	Transportation CTP	\$0	\$875,000,000	\$0	\$0	\$854,204,000	\$928,002,000	\$2,657,206,366
	Total Fiscal 2016	\$1,066,295,134	\$929,500,000	\$48,393,337	\$29,580,000	\$1,106,727,523	\$1,032,369,000	\$4,212,864,994
	De-authorizations							
ZF00	De-authorizations as Introduced	-\$9,373,134	\$0	\$0	\$0	\$0	\$0	-\$9,373,134
ZF00A	Additional De-authorizations	-9,297,000	0	0	0	0	0	-9,297,000
	Subject Category Subtotal	-\$18,670,134	\$0	\$0	\$0	\$0	\$0	-\$18,670,134
	Current Year Total	\$1,047,625,000	\$54,500,000	\$48,393,337	\$29,580,000	\$252,523,157	\$104,367,000	\$1,536,988,494
	Fiscal 2015 Deficiencies							
KA05D	DNR: Ocean City Beach Maintenance	\$0	\$0	\$0	\$0	-\$500,000	\$0	-\$500,000
KA05C	DNR: Natural Resources Development Fund	0	0	0	0	-4,535,821	723,700	-3,812,121
KA05B	DNR: Critical Maintenance Projects	0	0	0	0	-2,088,000	0	-2,088,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	0	-1,000,000	0	0	-1,000,000
D55P04D1	DVA: Eastern Shore Veterans Cemetery	0	0	0	45,000	0	0	45,000
	Subject Category Subtotal	\$0	\$0	\$0	-\$955,000	-\$7,123,821	\$723,700	-\$7,355,121
	Adjusted Total	\$1,047,625,000	\$929,500,000	\$48,393,337	\$28,625,000	\$1,099,603,702	\$1,033,092,700	\$4,186,839,739

BPW: Board of Public Works
 BRAC: Base realignment and closure
 BSU: Bowie State University
 CPPDA: Canal Place Preservation and Development Authority
 CTP: *Consolidated Transportation Program*
 DHCD: Department of Housing and Community Development
 DHMH: Department of Health and Mental Hygiene
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DoIT: Department of Information Technology
 DSP: Department of State Police
 DVA: Department of Veteran Affairs
 FSU: Frostburg State University
 MD: Military Department
 MDA: Maryland Department of Agriculture
 MDE: Maryland Department of the Environment
 MDOA: Maryland Department of Aging
 MDOD: Maryland Department of Disabilities
 MDOP: Maryland Department of Planning

MEA: Maryland Energy Administration
 MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MICUA: Maryland Independent College and University Association
 MISC: miscellaneous
 MPBC: Maryland Public Broadcasting Commission
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 NICU: neonatal intensive care unit
 PAYGO: pay-as-you-go
 SMCM: St. Mary's College of Maryland
 SU: Salisbury University
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 UMMS: University of Maryland Medical System
 USMO: University System of Maryland Office

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

Exhibit 2.4
Legislative Projects – 2015 Session

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Allegany					
Allegany County Animal Shelter Adoption and Care Center		\$50,000	\$100,000	\$150,000	Soft (1, 3)
Subtotal				\$150,000	
Anne Arundel					
Broadneck High School Field House	\$150,000	\$60,000		\$210,000	Hard
Camp Woodlands Restoration Project			\$250,000	250,000	Soft (all)
Chesapeake Arts Center	75,000	75,000		150,000	Grant
Glen Burnie Masonic Lodge 213	75,000	75,000		150,000	Soft (all)
Harambee House Community Outreach Center	75,000	50,000		125,000	Soft (1)
James Brice House			250,000	250,000	Hard
Pasadena Baseball Club	50,000			50,000	Hard
Samaritan House		100,000		100,000	Soft (all)
Southern High School Athletic Improvements		20,000		20,000	Hard
Subtotal				\$1,305,000	
Baltimore City					
Alpha Phi Alpha Corporate Headquarters	\$50,000			\$50,000	Soft (all)
Banner Neighborhoods Community Center	75,000			75,000	Soft (all)
Blessed Sacrament Supportive Housing		\$75,000		75,000	Soft (all)
Cherry Hill Early Head Start		50,000		50,000	Soft (all)
Economic Empowerment Community Center	50,000	50,000		100,000	Soft (all)

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Elder Abuse Shelter and Office	50,000			50,000	Soft (2, 3)
Habitat for Humanity of the Chesapeake	50,000	50,000		100,000	Hard
In For Of Building Renovation		50,000		50,000	Grant
League for People with Disabilities Building Expansion		100,000		100,000	Grant
Liberty Elementary Early Childhood Center		45,000		45,000	Soft (all)
Men and Families Center	150,000	100,000		250,000	Soft (all)
Moveable Feast	100,000	75,000		175,000	Hard
Multi-Family Low-Income Housing Project	50,000			50,000	Soft (2)
New City of Hope Community Center	100,000			100,000	Soft (all)
Niarchos Parkway Film Center			\$2,000,000	2,000,000	Soft (2, 3)
North Avenue Gateway II		25,000		25,000	Hard
Orianda Mansion Preservation	160,000	40,000		200,000	Soft (2, 3)
Pigtown Facade Restoration		25,000		25,000	Soft (2)
Port Discovery Children's Museum Renovation Project			250,000	250,000	Soft (2, 3)
St. Elizabeth School Indoor Playground	125,000			125,000	Soft (all)
TuTTie's Place		40,000		40,000	Soft (all)
Subtotal				\$3,935,000	
Baltimore					
Angel Park	\$100,000	\$100,000		\$200,000	Hard
Gilead House Renovation	40,000	25,000		65,000	Hard
Good Shepherd Boys Unit Renovation	25,000	75,000		100,000	Hard
Greenspring Montessori Method Training Center	75,000			75,000	Hard
Lake Roland Education Center	125,000	75,000		200,000	Hard
Lutherville Volunteer Fire Company Station Expansion		125,000		125,000	Hard

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
National Center on Institutions and Alternatives Expansion Project		100,000	\$350,000	450,000	Hard
Pikesville Volunteer Fire Company Building	200,000	50,000		250,000	Soft (2)
White Marsh Volunteer Fire Company		150,000		150,000	Hard
Subtotal				\$1,615,000	
Calvert					
Town of North Beach Flood Mitigation Project		\$50,000		\$50,000	Hard
Subtotal				\$50,000	
Carroll					
The Arc of Carroll County Building Renovation	\$75,000	\$75,000		\$150,000	Soft (2)
Subtotal				\$150,000	
Cecil					
Cecil County Farm Museum	\$25,000			\$25,000	Hard
Subtotal				\$25,000	
Charles					
Benedict Volunteer Fire Department and Rescue Squad and Auxiliary Facility	\$150,000	\$150,000		\$300,000	Grant
Lions Camp Merrick Septic System		150,000		150,000	Soft (1)
Southern Maryland Carousel	150,000			150,000	Soft (1)
Subtotal				\$600,000	
Dorchester					
Chesapeake Grove Senior Housing and Intergenerational Center	\$50,000	\$50,000		\$100,000	Soft (1)
Subtotal				\$100,000	

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Frederick					
Culler Lake Stormwater Management Project	\$60,000	\$40,000		\$100,000	Soft (2)
Northwest Trek Conservation and Education Center		50,000		50,000	Soft (2, 3)
Weinberg Center HVAC Project	40,000	60,000		100,000	Soft (3)
Subtotal				\$250,000	
Garrett					
Emergency Operations Center		\$50,000		\$50,000	Hard
Subtotal				\$50,000	
Harford					
Agricultural Research and Exposition Foundation		\$100,000	\$50,000	\$150,000	Grant
Ladew Topiary Gardens	\$100,000			100,000	Hard
Regional Fire and Rescue Boat	100,000			100,000	Soft (all)
Ripkin Stadium Repairs			500,000	500,000	Hard
Subtotal				\$850,000	
Howard					
Community Action Council Food Bank Facility	\$200,000	\$90,000		\$290,000	Hard
Environmental Education Center Renovation and Expansion	71,000	179,000		250,000	Soft (all)
Howard County Historical Society Roof Repair		35,000		35,000	Hard
Subtotal				\$575,000	
Montgomery					
Anne L. Bronfman Center and Mislser Adult Day Center		\$75,000		\$75,000	Hard

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Bethesda Graceful Growing Together Community Center	\$50,000	100,000		150,000	Hard
Blair Regional Park Scoreboards		25,000		25,000	Hard
Brooke Grove Rehabilitation and Nursing Center	150,000			150,000	Hard
Cornerstone Montgomery and Interfaith Works Project	50,000	150,000	\$150,000	350,000	Hard
Damascus Volunteer Fire Department	50,000	50,000		100,000	Hard
Early Literacy Center	100,000			100,000	Hard
F. Scott Fitzgerald Theatre and Social Hall	100,000	75,000		175,000	Hard
Four Corners Community Outreach Site		100,000		100,000	Soft (2)
Inter-Generational Center Expansion	100,000			100,000	Hard
Jewish Foundation for Group Homes Renovations	75,000	25,000		100,000	Soft (all)
Josiah Henson Park	100,000			100,000	Soft (1)
Jubilee Association of Maryland Community Center	100,000	100,000		200,000	Hard
Melvin J. Berman Hebrew Academy		25,000		25,000	Soft (U, all)
Olney Manor Dog Park		50,000		50,000	Soft (all)
Potomac Community Resources Home	50,000	100,000		150,000	Soft (1)
Silver Spring Learning Center Expansion		100,000		100,000	Hard
The Writer's Center	60,000		250,000	310,000	Hard
Subtotal				\$2,360,000	
Prince George's					
Bladensburg Road Economic Development Project		\$50,000		\$50,000	Hard
Bowie Senior Center	\$100,000			100,000	Soft (all)
Champ House		100,000		100,000	Grant
Crossland High School		75,000		75,000	Soft (2, 3)

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Elizabeth Seton High School Library Renovation		25,000		25,000	Hard
Family Life and Wellness Intergenerational Center	200,000			200,000	Soft (1)
Greenbelt Lake Dam Repair	135,000	150,000		285,000	Soft (U, 3)
Knights of St. John Hall	109,000	26,000		135,000	Grant
Landover Hills Town Hall		50,000		50,000	Hard
Mt. Calvary Softball Field			\$150,000	150,000	Soft (all)
Park Berkshire Neighborhood Park	100,000	150,000		250,000	Hard
Susan D. Mona Center		100,000		100,000	Grant
The New Beginnings Community Development Computer Lab Project		15,000		15,000	Soft (U, all)
Town of Capitol Heights Public Works Modular Home	100,000			100,000	Hard
Subtotal				\$1,635,000	
Talbot					
Chesapeake Bay Maritime Museum		\$50,000	\$200,000	\$250,000	Hard
Phillips Wharf Aquaculture Jobs Training Center	\$50,000			50,000	Soft (1)
Subtotal				\$300,000	
Washington					
Cushwa Basin Area	\$50,000	\$50,000		\$100,000	Soft (2)
The Maryland Theatre	50,000	125,000		175,000	Soft (all)
Subtotal				\$275,000	
Wicomico					
Tri-County Council Multi-Purpose Center	\$50,000	\$50,000		\$100,000	Hard
Subtotal				\$100,000	

<u>Project Title</u>	<u>House Initiative</u>	<u>Senate Initiative</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/ Requirements</u>
Worcester					
Delmarva Discovery Center and Museum	\$100,000	\$75,000		\$175,000	Soft (1, 3)
<i>Subtotal</i>				<i>\$175,000</i>	Soft (1, 3)
Grand Total				\$14,500,000	

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

PAYGO Capital

In addition to GO debt, the State's capital program is funded with general, special, and federal funds appropriated in the operating budget referred to as PAYGO funds, which are used primarily to support housing and environmental programs. Excluding transportation funding, the capital program uses \$29.6 million of general funds, \$252.5 million of special funds, and \$104.4 million of federal funds. Total transportation PAYGO funding is \$1.78 billion of special and federal funds. The use of PAYGO funds is generally restricted to capital grant and loan programs for which the use of tax-exempt debt is limited under federal tax guidelines, programs that are administered through the use of special nonlapsing funds for which revenue from principal and interest payments are used to support additional appropriations and in instances where federal funds assist in the capitalization of State revolving grant and loan fund programs. The more recent fiscal situation continues to constrain the PAYGO general fund support for the capital program. The fiscal 2016 capital program uses \$29.6 million of PAYGO general funds of which \$15.0 million was reprogrammed to support Department of Housing and Community Development programs that would replace GO bonds that would have to be sold as taxable instead of tax-exempt bonds due to federal private activity restrictions. Another \$9.0 million of general funds supports the Sustainable Communities Tax Credit Program, and the remaining general funds are used to support local projects including \$2.0 million as a grant to Sinai Hospital for infrastructure improvements and \$2.8 million to fund athletic fields at selected high schools in Prince George's County.

Bond Premiums

The MCCBL of 2015 also authorizes the use of \$48.4 million of bond premium proceeds. This is comprised of \$18.4 million of fiscal 2015 bond premiums realized in the March 2015 bond sale and another \$30.0 million of estimated premiums from the sale of GO bonds in fiscal 2016. The MCCBL of 2015 uses the premiums to support POS, Rural Legacy, and the Maryland Agricultural Land Preservation Program.

Transfers and PAYGO Funding

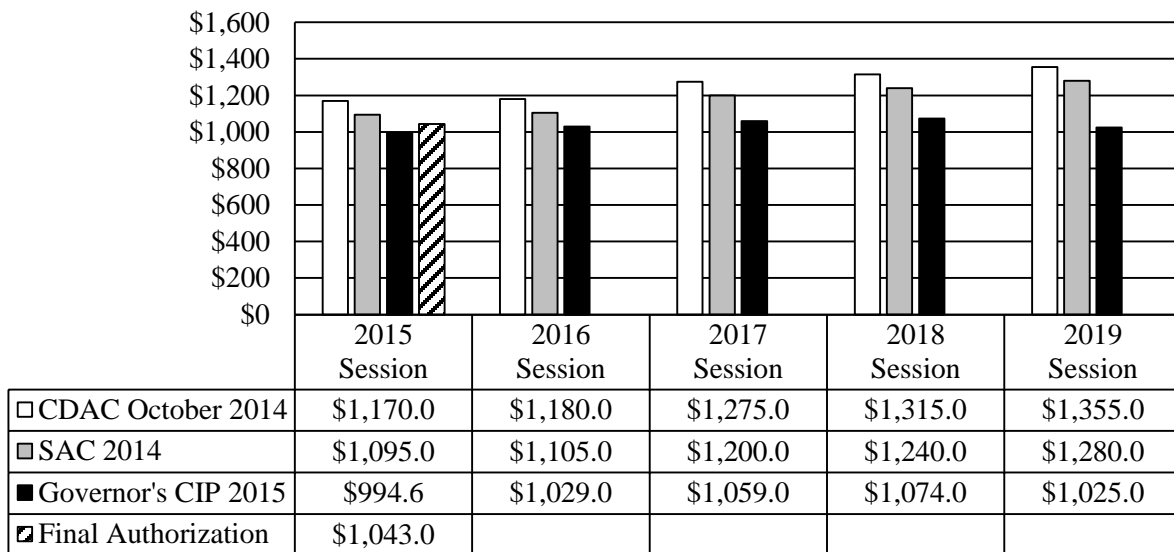
The GO bond program and bond premiums are used to partially replace \$78.2 million transferred and diverted from capital programs supported with State transfer tax revenues. However, the long-term plan put forth by the Governor effectively eliminates future bond replacement for transfers that have been made in prior year Budget Reconciliation and Financing Acts (BRFA). Although, as introduced, the budget included \$30.0 million of general fund PAYGO to support the Public School Construction Program, the budget passed by the General Assembly uses \$15.0 million of these funds for the Department of Housing and Community Development capital programs to replace GO bonds that would require the issuance of taxable debt, and another \$4.8 million for additional local capital projects. The remaining \$10.2 million is fenced off in the operating budget as part of Section 48.

Debt Affordability

In October 2014, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of \$1,170.0 million in GO bonds may be authorized in the 2015 session. CDAC also recommended that an additional \$300.0 million be added to the GO bond authorization over the next four years of the *Capital Improvement Program* (CIP) primarily to fund the State transportation Watershed Implementation Plan obligations and other projects accelerated by the General Assembly during the 2014 session. However, the Board of Revenue Estimates revenue write-down in December 2014 made the levels of debt proposed by CDAC no longer affordable within the limits. Projections indicated that debt service payments would exceed the 8% debt service to revenue limit by fiscal 2018 were the CDAC recommendations adopted. To avoid this, the Spending Affordability Committee (SAC) recommended that new GO bond authorizations for the 2015 session remain at the \$1.095 billion level programmed in the 2014 CIP for the 2015 session. SAC further recommended that the 2015 session CIP not incorporate the \$300.0 million increase over the remaining four years of the CIP. The Treasurer also weighed in on the impact of the revenue write-down on debt affordability and recommended that the GO bond debt not exceed \$1.045 billion in the 2015 session to remain within the debt affordability limits. The Governor's capital budget proposed a new GO bond authorization of \$994.6 million and the MCCBL of 2015, after adjusting for the Governor's line item veto, provides \$1.043 billion, keeping the State within the debt affordability limits. **Exhibit 2.5** illustrates the different recommended new GO authorization levels and the final amount included in the MCCBL of 2015.

The MCCBL of 2015 passed by the General Assembly totals \$1.043 billion of new GO debt authorizations, which is \$48.0 million below the SAC recommendation. An additional \$18.7 million in GO bonds from prior years is de-authorized in the 2015 capital budget, thereby increasing the amount of new GO debt included in the capital program to \$1.062 billion. Included in the \$1.062 billion of new debt is \$377.3 million authorized in the MCCBL of 2015 to complete the funding for various projects that were split-funded over fiscal 2014 through 2016 to allow the projects to be bid and construction to commence without having to authorize the full amount of construction funding needed to complete a project.

Exhibit 2.5
New General Obligation Bond Authorization Levels
Capital Debt Affordability Committee – Spending Affordability Committee –
Capital Improvement Program
2015-2019 Legislative Sessions
(\$ in Millions)



CDAC: Capital Debt Affordability Committee
 CIP: *Capital Improvement Program*
 SAC: Spending Affordability Committee

The State's capital program for fiscal 2016 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- The MCCBL of 2015 includes amendments to prior authorizations that, among other changes, extend matching fund deadlines, extend deadlines for expending or encumbering funds, alter the purposes for which funds may be used, modify certification requirements, rename grant recipients, or alter project locations. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly. From 2008 through 2013, prior authorizations were rolled into one omnibus prior authorization bill. However, beginning with the 2014 session, all amendments to prior authorizations are included in the capital bill since the changes amend authorizations made in prior capital budget bills.
- The MCCBL of 2015 includes \$328.1 million of GO bond authorizations that will not take effect until fiscal 2017, \$271.0 million that will not take effect until fiscal 2018, and

\$57.9 million that will not take effect until fiscal 2019. These pre-authorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2016 through 2019 to proceed without the full amount of the construction authorization provided in the fiscal 2016 budget. **Exhibit 2.6** shows the pre-authorizations for the 2016 through 2018 sessions.

- **House Bill 1182 (Chapter 471)** authorizes the issuance of \$54.5 million of academic facilities bonds by USM for fiscal 2016. As introduced, the bill would have authorized \$34.5 million in academic debt, but the bill was amended to provide an additional \$20.0 million in fiscal 2016 to support the overall funding plan for the New Bioengineering Building at the University of Maryland, College Park. Language added to the bill expresses the intent that the additional \$20.0 million authorized in the 2015 session will be deducted from the 2016 and 2017 session authorizations by \$10.0 million each, thereby keeping the total amount of ARB authorizations for the five-year CIP planning level consistent with what is currently programmed in the 2015 session CIP. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and the mandatory transfers criterion recommended by the system's financial advisers.
- **House Bill 110 (Chapter 401)** authorizes the State to issue \$4.625 million in QZABs. Although the bonds are issued as full faith and credit debt, the authorizations are not counted within the GO bond authorization debt limits. The proceeds are used by the Interagency Committee on School Construction and the Maryland State Department of Education for the renovation, repair, and capital improvements of qualified zone academies, including public charter schools, as defined by the federal Internal Revenue Code. Qualified zone academies must either be located in a federal Enterprise or Empowerment Zone or have at least 35% of their student population on free or reduced-price meals.

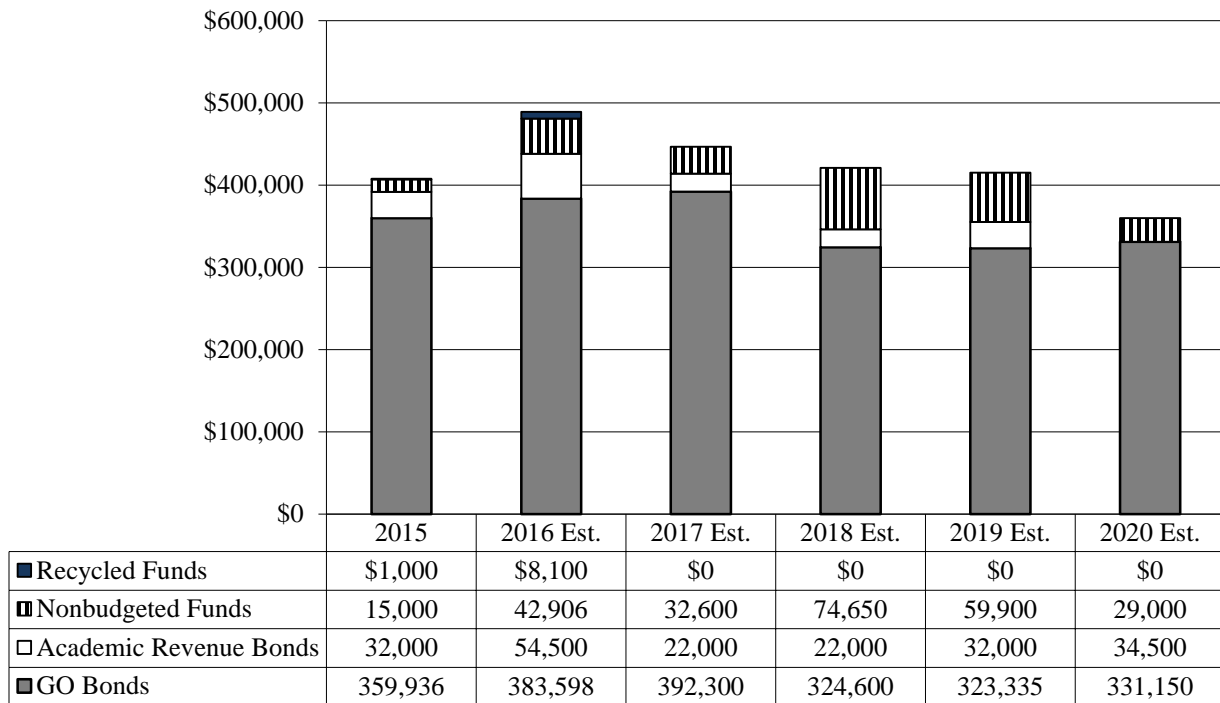
Exhibit 2.6
Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan
2016-2018 Sessions

<u>Project Title</u>	<u>2016 Session</u> <u>Fiscal 2017</u>	<u>2017 Session</u> <u>Fiscal 2018</u>	<u>2018 Session</u> <u>Fiscal 2019</u>
Board of Public Works Sarasota State Center – Garage Improvements	\$2,225,000		
Military Department – Combined Support Maintenance Shop Automotive Maintenance Facility	1,650,000	\$1,000,000	
Military Department – Easton Readiness Center	2,000,000	1,500,000	
Military Department – Havre de Grace Readiness Center	4,100,000		
Department of Natural Resources – Bloede Dam	1,000,000		
Department of Public Safety and Correctional Services – Hot Water and Steam System Improvement Eastern Correctional Institute	2,000,000		
Department of Public Safety and Correctional Services – New Youth Detention Center	3,300,000		
Maryland State Department of Education – State Library Resource Center	23,200,000	23,200,000	\$14,550,000
University of Maryland, Baltimore – Health Sciences Research Facility III	70,500,000	2,000,000	
University of Maryland, College Park – Brendan Iribe Center for Computer Science and Innovation	27,000,000	67,500,000	
University of Maryland, College Park – Edward St. John Learning and Teaching Center	500,000		
University of Maryland, College Park – New Bioengineering Building	45,350,000	54,100,000	
Bowie State University – New Natural Sciences Center	28,250,000		
Coppin State University – Percy Julian Science Renovation	3,400,000		
University of Maryland, Baltimore County – Interdisciplinary Life Sciences Building		53,000,000	43,000,000
University of Maryland, System Office – Shady Grove Educational Center	72,000,000	56,050,000	
Maryland Higher Education Commission – Community College Facilities Grant Program	50,945,000	8,288,000	
Morgan State University – New Behavioral and Social Sciences Building	30,150,000		
Maryland Environmental Service – Infrastructure Improvement Fund	14,058,000	4,366,000	403,000
Miscellaneous Grant Program – Angel’s Watch Shelter	500,000		
Total	\$382,128,000	\$271,004,000	\$57,953,000

Higher Education

The State-funded portion of the fiscal 2016 capital program for all segments of higher education is \$438.1 million, including GO bonds, ARBs, and recycled funds. Another \$8.1 million of restricted funds provides additional funding for community college projects. Of the total funding, four-year public institutions receive \$373.5 million, and independent colleges receive \$9.6 million. Community colleges receive \$54.9 million in fiscal 2016. The CIP, after legislative changes to the fiscal 2016 capital budget, shows \$1,928 billion in State capital spending for higher education projects from fiscal 2016 through 2020 of all funds. **Exhibit 2.7** shows the fiscal 2015 and 2016 legislative appropriation for higher education capital projects and the funds anticipated in the CIP for fiscal 2017 through 2020. **Exhibit 2.8** shows the fiscal 2016 capital funding by institution.

Exhibit 2.7
Higher Education Authorized and Planned Out-year Capital Funding
Fiscal 2015-2020 Est.
(\$ in Thousands)



GO: general obligation

Exhibit 2.8
Fiscal 2016 Higher Education Capital Funding by Institution
(\$ in Thousands)

<u>Institution</u>	<u>Capital Funding</u>
University of Maryland, Baltimore	\$81,550
University of Maryland, College Park	108,667
Bowie State University	39,728
University of Maryland Eastern Shore	6,498
Frostburg State University	5,105
Salisbury University	53,100
University of Maryland Baltimore County	6,000
University of Maryland Center for Environmental Science	4,531
University System of Maryland – Facility Renewal	17,000
University System of Maryland – Regional Higher Education Centers	5,166
Morgan State University	35,620
Independent Colleges	9,600
Community Colleges	54,926
St. Mary’s College of Maryland	10,482
Total	\$438,053

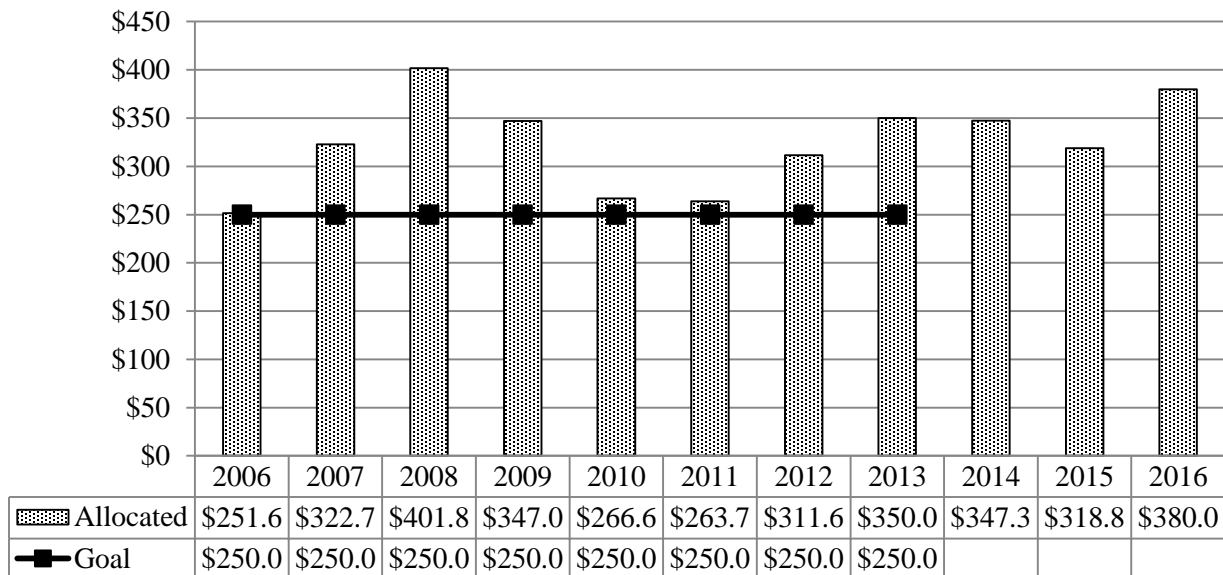
Note: Excludes nonbudgeted funds.

School Construction

The fiscal 2016 capital budget includes \$300.0 million in GO bonds for public school construction. This includes \$280.0 million for the traditional Public School Construction Program and an additional \$20.0 million for local school systems with significant enrollment growth or relocatable classrooms. **Senate Bill 490 (Chapter 355)** establishes a mandated appropriation in the capital budget of \$20.0 million annually beginning in fiscal 2017 for local school systems impacted by significant enrollment growth and reliance on relocatable classrooms. Currently, Anne Arundel, Baltimore, Howard, Montgomery, and Prince George’s counties are eligible with Dorchester County expected to become eligible in fiscal 2017. Significant enrollment growth is defined as having full-time equivalent enrollment growth that exceeds 150% of the statewide average over the past five years and significant relocatable classrooms means an average of at least 300 relocatable classrooms over the past five years. Although the mandated appropriation does not take effect until fiscal 2017, the General Assembly accelerated the start of the program to fiscal 2016 by adding a \$20.0 million line-item in the capital budget for this initiative. An additional \$28.6 million in unexpended funds from prior years is available from the Statewide Contingency

Fund, of which \$28.2 million is reserved for specific local school systems and \$0.4 million remains unreserved. As shown in **Exhibit 2.9**, the Public School Facilities Act of 2004 established a State goal to provide \$2.0 billion in State funding over eight years, or \$250.0 million per year through fiscal 2013. The \$2.0 billion goal was met in fiscal 2012, one year early. Between fiscal 2006 and 2016, the State has invested \$3.484 billion for school construction projects throughout the State.

Exhibit 2.9
Public School Construction Funding
Fiscal 2006-2016
(\$ in Millions)



Note: Figures include new general obligation bonds, pay-as-you-go funds, and unexpended funds that were previously authorized. Fiscal 2012 includes a \$47.5 million supplementary appropriation.

Source: Public School Construction Program Capital Improvement Programs, Fiscal 2005-2016

Agging Schools and Qualified Zone Academy Bond Programs

The Agging Schools Program is funded with GO bond funds in fiscal 2016. The capital budget as passed by the General Assembly includes \$6.1 million in GO bonds allocated as grants to county boards of education as specified in § 5-206 of the Education Article.

The fiscal 2016 capital budget also provides \$3.5 million for nonpublic schools to receive grants for school construction projects that are eligible under the Agging Schools Program, including school security improvements. Only nonpublic schools currently meeting the eligibility requirements for Aid to Non-Public Schools for textbooks and computer hardware and software

may receive these Aging Schools grants, which will be distributed on a per-school basis up to \$100,000, contingent on certain criteria being met.

Public school construction funding is further supplemented with \$4.625 million of QZABs authorized in House Bill 110. QZABs may be used in schools located in federal Enterprise or Empowerment zones or in schools in which 35% of the student population qualifies for free or reduced-price meals. QZAB funds are distributed to local school systems through competitive grants including grants to the Breakthrough Center and public charter schools.

Transfer Tax

The property transfer tax is the primary funding source for State land conservation programs. In order to reduce the State's structural deficit, recent BRFA legislation transferred \$479.8 million of transfer tax revenue to the general fund over five years, beginning with fiscal 2014. Go bond authorizations and preauthorizations were included in the capital budget bill as a source of replacement funds for the transfers.

Under the BRFA of 2015, the Governor modified the fiscal 2016 transfer tax transfer and transferred an additional \$37.7 million. However, unlike previous years, neither the \$37.7 million transferred in fiscal 2016 nor the remaining replacements planned for fiscal 2017 through 2020 are provided in the capital budget bill. The Governor's budget did provide \$66.2 million of GO bonds to fund the programs impacted by transfers but made no connection to these funds as transfer replacement funds. The General Assembly increased the amount of funding for expected programs to \$87.3 million using GO bonds and bond premiums. Future budgets break the link of transfers and replacement funding. The General Assembly concurred with the modified transfer and the elimination of the pre-authorized replacement plan. The \$37.7 million in additional fiscal 2016 revenues are attributable to \$27.9 million in the Department of Natural Resources including POS – State share (\$8.8 million), POS – Local share (\$12.9 million), and Rural Legacy Program (\$6.2 million); and \$9.8 million in Maryland Agricultural Land Preservation Program funding.

Exhibit 2.10 shows the fiscal 2016 allocation of funding for programs traditionally funded with transfer tax revenue. Program funding is distinguished between new funding and replacement funding; the replacement funding also reflects the use of bond premiums as authorized in Section 15 of the MCCBL of 2015. The replacement funding reflects three actions as follows:

Exhibit 2.10
Programs Traditionally Funded with Transfer Tax Revenue
Fiscal 2016
(\$ in Thousands)

	Transfer Tax Special Funds	Other Special Funds	Federal	GO Bonds	Bond Premiums	Total
Department of Natural Resources						
Program Open Space						
State – New ¹	\$1,500	\$0	\$3,000	\$0	\$0	\$4,500
State – Replacement ²	0	0	0	0	21,603	21,603
Local – Replacement ³	0	0	0	29,759	376	30,135
Capital Development – New ⁴	5,198	0	0	1,999	0	7,197
Capital Development – Replacement ⁵	0	0	0	7,124	0	7,124
Rural Legacy Program – Replacement ⁶	712	0	0	0	9,371	10,082
Heritage Conservation Fund	0	0	0	0	0	0
Department of Agriculture						
Agricultural Land Preservation – New ⁷	0	9,100	0	0	0	9,100
Agricultural Land Preservation – Replacement ⁸	0	0	0	0	17,045	17,045
Total	\$7,409	\$9,100	\$3,000	\$38,882	\$48,393	\$106,785

GO: general obligation

¹ The Program Open Space (POS) – State – New reflects \$1.5 million in special funds for the Baltimore City Direct Grant and \$3.0 million in federal funds.

² The POS – State – Replacement reflects \$21.6 million in bond premiums authorized in Section 15 of the Maryland Consolidated Capital Bond Loan (MCCBL) of 2015. This funding reflects the equitable replacement across land acquisition and easement purchase capital programs of 75% of 2014 session pre-authorized replacement funding.

³ The POS – Local – Replacement reflects \$29.8 million in GO bond authorization and \$0.4 million in bond premiums. The combined \$30.1 million reflects \$8.2 million to backfill the POS – Local fiscal 2015 unencumbered balance transferred to the general fund in fiscal 2015 and \$22.0 million for the equitable funding of 75% of 2014 session pre-authorized replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016.

⁴ The Capital Development – New reflects \$5.2 million in transfer tax special funds, which reflects \$1.9 million for the Natural Resources Development Fund and \$3.3 million for the Critical Maintenance Program. The \$2.0 million in GO bond authorization reflects \$0.8 million for the Elk Neck State Park Improvements project in the Natural Resources Development Fund, \$0.8 million for the Critical Maintenance Program, and \$0.5 million for Ocean City Beach Maintenance.

⁵ The Capital Development – Replacement reflects \$7.1 million in GO bonds comprised of \$4.5 million for Natural Resources Development Fund, \$2.1 million for Critical Maintenance Program, and \$0.5 million for Ocean City Beach Maintenance to backfill the fiscal 2015 negative deficiencies for each of these programs.

⁶ The Rural Legacy Program – Replacement reflects \$0.7 million in transfer tax special funds, which provides for easement costs which are not eligible for GO bonds and \$9.4 million in bond premiums in Section 15 of the MCCBL of 2015. The \$9.4 million in bond premiums reflects the equitable funding of 75% of 2014 legislative session replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016. The \$5.0 million GO bond authorization mandated in statute was deleted.

⁷ The Agricultural Land Preservation – New reflects \$9.1 million in other special funds, primarily from county funds.

⁸ The Agricultural Land Preservation – Replacement reflects \$17.0 million in bond premiums in Section 15 of the MCCBL of 2015. The \$17.0 million in bond premiums reflects the equitable funding of 75% of 2014 legislative session replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016.

Note: Numbers may not sum due to rounding.

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- **Negative Deficiencies** – the operating budget bill included fiscal 2015 negative deficiencies (withdrawn appropriations) totaling \$32,464,457 due to the transfer tax revenue estimate write-down affecting the Natural Resources Development Fund – \$4,535,821, Ocean City Beach Maintenance – \$500,000, and Critical Maintenance Program – \$2,088,000, of which funding for all three programs is replaced with GO bond authorizations in fiscal 2016 as reflected in the \$7,123,821 in capital development;
 - **Unencumbered Balance Transfer** – the BRFA of 2015 transfers \$10,500,000 to the general fund in fiscal 2015 comprised of \$2,318,600 from POS – State and \$8,181,400 from POS – Local of which the \$8,181,400 from POS – Local is replaced with GO bond and bond premium authorizations in fiscal 2016; and
 - **Equitable Replacement of Prior Year Funding** – the Governor’s capital budget as introduced included 100% of 2014 legislative session replacement funding for the Rural Legacy Program and Maryland Agricultural Land Preservation Program and 50% replacement funding for POS – State and POS – Local, and therefore the General Assembly modified the replacements to reflect the equitable replacement across land acquisition and easement purchase capital programs of 75% of 2014 legislative session replacement funding using a combination of GO bond and bond premium authorizations.

Chapter 3. 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
- Quantifiable 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 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 13	Institutions of Higher Education – Fully Online Distance Education – Definition (Ch. 319)					
SF	\$409,250	\$459,500	\$436,250	\$413,000	\$389,750	
SB 178	Estate Tax – Alternative Payment Schedule – Penalty Prohibition (Ch. 18)					
GF	decrease	decrease	decrease	decrease	decrease	Minimal penalty revenues.
SB 225	Higher Education – Unaccompanied Homeless Youth Tuition Exemption – Modification (Ch. 333)					
HE	increase	increase	increase	increase	increase	Tuition revenues.
SB 241	Health Insurance – Coverage for Ostomy Equipment and Supplies – Required (Ch. 23)					
SF	increase	\$0	\$0	\$0	\$0	Minimal fee revenues.
SB 265	Calvert County – Electronic Bingo and Electronic Tip Jars – Distribution of Admissions and Amusement Tax Revenues (Ch. 334)					
SF	\$0	\$685,373	\$674,943	\$664,672	\$0	SF expenditures increase by same amount.
SB 374	Maryland False Claims Act (Ch. 165)					
GF	\$0	\$0	increase	increase	increase	Potential significant penalty and damages revenues.
SB 409/HB 449	Environment – Hydraulic Fracturing – Regulations (Ch. 480/Ch. 481)					
GF/SF	decrease	decrease	decrease	decrease	decrease	Potential tax revenues.
SB 416/HB 838	Health Insurance – Coverage for Infertility Services (Ch. 482/Ch. 483)					
SF	increase	\$0	\$0	\$0	\$0	Minimal fee revenues.
SB 433	Funeral Establishments and Crematories – Unclaimed Cremains of Veterans – Disposition (Ch. 349)					
FF	increase	increase	increase	increase	increase	Reimbursement revenues.
SB 456	Criminal Law – Marijuana and Drug Paraphernalia – Medical Necessity (Ch. 351)					
GF	decrease	decrease	decrease	decrease	decrease	Minimal penalty revenues.

Legislation Affecting State Revenues

<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 490	Capital Grant Program for Local School Systems With Significant Enrollment Growth or Relocatable Classrooms (Ch. 355)					
BOND	\$20,000,000	\$0	\$0	\$0	\$0	Included in FY 2016 capital budget. Bond expenditures increase by same amount.
SB 496/HB 672	Maryland College Education Export Act of 2015 (Ch. 175/Ch. 176)					
SF	\$0	(\$365,400)	(\$415,350)	(\$473,850)	(\$532,350)	
SB 549	Criminal Law – Identity Fraud – Name of the Individual (Ch. 361)					
GF	increase	increase	increase	increase	increase	Minimal penalty revenues.
SB 554	Insurance – Reinsurers – Fees (Ch. 362)					
SF	increase	increase	increase	increase	increase	Minimal fee revenues.
SB 573	Insurance – Standard Valuation Law and Reserve and Nonforfeiture Requirements (Ch. 367)					
GF	\$0	\$0	increase	increase	increase	Minimal premium tax revenues.
SF	\$0	\$0	increase	increase	increase	Potential fee revenues.
SB 592	Income Tax – Subtraction Modification – Military Retirement Income – Individuals at Least 65 Years Old (Ch. 125)					
GF	(\$2,692,000)	(\$3,015,000)	(\$2,857,000)	(\$2,690,000)	(\$3,067,000)	
SB 601	African American Heritage Preservation Program – Reestablishment and Revisions (Ch. 371)					
GF	\$0	increase	increase	increase	increase	Minimal investment revenues.
SF	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	SF expenditures increase by same amount.
SB 606	Health Insurance – Abuse-Deterrent Opioid Analgesic Drug Products – Coverage (Ch. 372)					
SF	increase	\$0	\$0	\$0	\$0	Minimal fee revenues.
SB 651	Criminal Procedure – Expungement – Conviction of a Crime That Is No Longer a Crime (Ch. 374)					
GF	increase	increase	increase	increase	increase	Potential significant fee revenues.
SB 666	Recreational Fishing Licenses – Duration and Expiration Date (Ch. 376)					
SF	increase	increase	increase	increase	increase	Fee revenues of potentially more than \$20,000 annually.

Legislation Affecting State Revenues

<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>	
SB 673	Alcoholic Beverages – Brewing Company Off-Site Permit and Nonprofit Beer Festival Permit (Ch. 192)						
GF	increase	increase	increase	increase	increase	Minimal fee, sales tax, and alcoholic beverages tax revenues.	
SB 694	Income Tax Credit – Oyster Shell Recycling – Credit Amount (Ch. 193)						
GF/SF	decrease	decrease	decrease	\$0	\$0	Minimal income tax revenues.	
SB 763	Tax Amnesty Program (Ch. 50)						
GF	\$11,400,000	\$3,600,000	(\$900,000)	(\$900,000)	(\$900,000)		
SB 766	Agricultural Land Transfer Tax – Rate Determination (Ch. 197)						
SF	decrease	decrease	decrease	decrease	decrease	Minimal agricultural land transfer tax revenues.	
SB 792	Public Health – Nondiscrimination in Access to Anatomical Gifts and Organ Transplantation (Ch. 383)						
SF	increase	\$0	\$0	\$0	\$0	Minimal fee revenues.	
SB 868	Public Utilities – Transportation Network Services and For-Hire Transportation (Ch. 204)						
SF	increase	increase	increase	increase	increase	Comptroller’s Office. Reimbursement revenues. SF expenditures increase by similar amount.	
	SF	increase	\$0	\$0	\$0	Maryland Insurance Administration. Fee revenues.	
	SF	\$109,302	\$104,100	\$108,826	\$113,783	\$118,982	Public Utility Regulation Fund. SF expenditures increase by same amount.
SB 896	Military Personnel and Veteran-Owned Small Business No-Interest Loan Program and Fund (Ch. 390)						
GF	decrease	decrease	decrease	decrease	decrease	Loan repayment revenues (redirected).	
SF	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	SF expenditures increase by same amount.	
HB 5	Department of Health and Mental Hygiene – Newborn Screening Program Fund – Establishment (Ch. 56)						
GF	(\$6,797,250)	(\$6,797,250)	(\$6,797,250)	(\$6,797,250)	(\$6,797,250)		
SF	\$6,797,250	\$6,797,250	\$6,797,250	\$6,797,250	\$6,797,250		

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 9	Maryland Licensure of Direct-Entry Midwives Act (Ch. 393)						
	SF	\$0	increase	increase	increase	increase	Fee revenues.
HB 14	Hunting Licenses – Exemption for Retired Members of the Armed Forces (Ch. 216)						
	FF	\$0	\$0	decrease	decrease	decrease	Minimal program funding.
	SF	decrease	decrease	decrease	decrease	decrease	Fee revenues.
HB 51	Circuit Court Real Property Records Improvement Fund – Funding (Ch. 487)						
	SF	\$15,877,500	\$15,877,500	\$15,877,500	\$15,877,500	\$15,877,500	
HB 54	Circuit Court Real Property Records Improvement Fund – Funding (Ch. 488)						
	SF	\$5,182,774	\$5,182,774	\$5,182,774	\$5,182,774	\$5,182,774	
HB 72	Budget Reconciliation and Financing Act of 2015 (Ch. 489)						
	FF	(\$35,500,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	FF revenues increase by \$10,000,000 in FY 2015. FF expenditures decrease by \$25,500,000 in FY 2016 and by \$20,800,000 beginning in FY 2017.
	GF	(\$10,000,000)	\$0	\$0	\$0	\$0	Medicaid GF revenues increase by \$10,000,000 in FY 2015.
	GF	\$56,502,728	(\$6,049,178)	(\$6,103,593)	(\$5,978,792)	(\$5,929,400)	GF revenues increase by \$143,311,241 in FY 2015.
	SF	(\$1,842,750)	\$0	\$0	\$0	\$0	Sunny Day Fund. SF revenues decrease by \$828,500 in FY 2015.
	SF	\$14,500,000	\$0	\$0	\$0	\$0	Medicaid. SF expenditures increase by same amount.
	SF	(\$39,400,000)	\$0	\$0	\$0	\$0	Maryland Health Insurance Plan Fund.
	SF	(\$8,639,632)	\$0	\$0	\$0	\$0	Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. SF expenditures decrease by same amount.
HB 110	Creation of a State Debt – Qualified Zone Academy Bonds (Ch. 401)						
	BOND	\$4,625,000	\$0	\$0	\$0	\$0	Anticipated in FY 2016 capital budget. Bond expenditures increase by same amount.

Legislation Affecting State Revenues

<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 120	Criminal Procedure – Failure to Appear – Rescheduling (Ch. 402)					
GF	decrease	decrease	decrease	decrease	decrease	Minimal fine revenues.
HB 154	Maryland Home Builder Registration Act – Guaranty Fund – Claims (Ch. 224)					
NB	increase	increase	increase	increase	increase	Potential minimal reimbursement revenues.
HB 203	Vehicle Laws – Title Fees – Rental Vehicles (Ch. 78)					
SF	(\$2,033,700)	(\$2,054,050)	(\$2,074,600)	(\$2,095,350)	(\$2,116,300)	SF revenues decrease by \$165,500 in FY 2015.
HB 235	Vehicle Laws – Manufacturers and Distributors – Sale of Electric or Nonfossil-Fuel Burning Vehicles (Ch. 231)					
SF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 244	Maryland Second Chance Act of 2015 (Ch. 313)					
GF	increase	increase	increase	increase	increase	Potential significant fee revenues.
HB 304	Criminal Procedure – Expungement of Records (Ch. 314)					
GF	increase	increase	increase	increase	increase	Potential significant fee revenues.
HB 356	Department of General Services – Deep Creek Lake Buy Down Area Program – Extension (Ch. 243)					
SF	increase	increase	increase	\$0	\$0	Potential significant land sales revenues.
HB 367	Public Health – Maryland Behavioral Health Crisis Response System (Ch. 416)					
FF	increase	increase	increase	increase	increase	Potential minimal Medicaid matching revenues.
HB 449/SB 409	See entry for SB 409.					
HB 460	Couples Advancing Together Pilot Program – Eligibility and Extension (Ch. 422)					
FF	increase	\$0	\$0	\$0	\$0	Potential minimal federal grant revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 473	Tax Credits – Employment of Individuals With Disabilities (Ch. 423)						
	GF	(\$26,900)	(\$27,500)	(\$27,500)	(\$27,500)	(\$27,500)	
	SF	(\$5,700)	(\$5,100)	(\$5,100)	(\$5,100)	(\$5,100)	Transportation Trust Fund.
	SF	(\$2,100)	(\$2,100)	(\$2,100)	(\$2,100)	(\$2,100)	Higher Education Investment Fund.
HB 479	Private Detective Agencies – License Terms (Ch. 424)						
	GF	\$0	\$0	decrease	decrease	\$0	Fee revenues of up to \$39,600 in FY 2018 and \$13,200 in FY 2019.
HB 485	Election Law – Fair Campaign Financing Fund – Income Tax Checkoff (Ch. 312)						
	GF	(\$29,000)	(\$29,000)	(\$29,000)	(\$29,000)	(\$29,000)	
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal tax checkoff contributions to multiple special funds.
	SF	\$206,000	\$187,000	\$324,000	\$254,000	\$206,000	Fair Campaign Financing Fund.
HB 490	Natalie M. LaPrade Medical Cannabis Commission – Miscellaneous Revisions (Ch. 251)						
	SF	increase	increase	increase	increase	increase	Fee revenues.
HB 493	Motor Vehicles – Prohibition Against Unattended Motor Vehicle – Exceptions (Ch. 252)						
	GF	decrease	decrease	decrease	decrease	decrease	Minimal penalty revenues.
HB 497	Property Tax – Exemption – Low Income Housing – Ownership by Limited Liability Company (Ch. 253)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential minimal fee revenues.
HB 509	Environment – Statute of Limitations – Administrative Penalties (Ch. 254)						
	GF/SF	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate	Penalty revenues.
HB 511	Real Property – Residential Property – Ground Leases (Ch. 428)						
	SF	increase	increase	increase	increase	increase	Potential minimal fee revenues.
HB 524	Vehicle Laws – Single Registration Plate – Class L (Historic) Vehicles and Class N (Street Rod) Vehicles (Ch. 257)						
	GF	decrease	decrease	decrease	decrease	decrease	Minimal penalty revenues.
	NB	decrease	decrease	decrease	decrease	decrease	Minimal toll revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 541	Public Service Commission – Attachments to Utility Poles – Study (Ch. 431)						
	SF	\$50,000	\$0	\$0	\$0	\$0	SF expenditures increase by same amount.
HB 543	Baltimore City – Housing Authority of Baltimore City – Subsidiary Entities (Ch. 258)						
	SF	decrease	decrease	decrease	decrease	decrease	Annuity Bond Fund (property tax) revenues.
HB 549	Video Lottery Facility Payouts – Intercepts for Restitution Payments (Ch. 93)						
	GF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 552	Health Insurance – Medical Stop-Loss Insurance – Small Employers (Ch. 494)						
	SF	increase	increase	increase	\$0	\$0	Minimal fee and potential penalty revenues.
HB 554	Natural Resources – Nonresident Senior and Junior Hunting Licenses (Ch. 260)						
	SF	(\$136,890)	(\$136,890)	(\$136,890)	\$0	\$0	
HB 565	Insurance – Surplus Lines – Disability Insurance (Ch. 96)						
	GF	increase	increase	increase	increase	increase	Minimal premium tax revenues.
HB 587	State Board of Barbers – Limited License – Barber-Stylist (Ch. 262)						
	GF	\$0	increase	increase	increase	increase	Minimal fee revenues.
HB 613	Hospitals – Rate-Setting – Participation in 340B Program Under the Federal Public Health Service Act (Ch. 263)						
	FF	decrease	decrease	decrease	decrease	decrease	Medicaid matching revenues. FF expenditures decrease by same amount.
HB 624	Estates and Trusts – Funeral Expenses Allowance – Modified Administration (Ch. 443)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential minimal tax revenues.
	GF/FF	decrease	decrease	decrease	decrease	decrease	Potential minimal Medicaid reimbursement revenues.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 630	Mechanical Repair Contracts – Requirements (Ch. 444)						
	GF	increase	increase	increase	increase	increase	Potential minimal penalty revenues.
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 672/SB 496	See entry for SB 496.						
HB 689	Worcester County – Alcoholic Beverages – Limited Distillery License (Ch. 449)						
	GF	increase	increase	increase	increase	increase	Minimal fee and potential minimal sales tax and alcoholic beverages tax revenues.
HB 716	Health Occupations – Prescriber-Pharmacist Agreements and Therapy Management Contracts (Ch. 269)						
	SF	increase	increase	increase	increase	increase	Potential minimal fee revenues.
HB 775	Inaugural Committees – Donations and Disbursements – Disclosure (Ch. 275)						
	SF	\$0	\$0	\$0	increase	increase	Minimal fee revenues and potentially significant contributions.
HB 786	Self-Service Storage Facilities – Enforcement of Lien – Procedures (Ch. 103)						
	GF	\$0	increase	increase	increase	increase	Potential minimal penalty revenues and abandoned property revenues.
	SF	\$0	increase	increase	increase	increase	Potential significant abandoned property revenues.
HB 827	Alcoholic Beverage Taxes – Wine Tax Revenue Distribution (Ch. 282)						
	GF	(\$161,585)	(\$165,625)	(\$169,765)	(\$174,009)	(\$178,360)	
	SF	\$161,585	\$165,625	\$169,765	\$174,009	\$178,360	
HB 838/SB 416	See entry for SB 416.						
HB 871	State Board of Individual Tax Preparers – Expiration and Surrender of Registrations and Civil and Criminal Penalties (Ch. 462)						
	GF	increase	increase	increase	increase	increase	Minimal penalty revenues.
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.

Legislation Affecting State Revenues

<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 943	Economic Competitiveness and Commerce – Restructuring (Ch. 141)					
SF	(\$2,784,525)	(\$3,739,612)	(\$3,931,339)	(\$3,575,913)	(\$3,575,913)	Dept. of Econ. Comp. & Comm. – Enterprise Fund. SF expenditures decrease by same amount each year beginning in FY 2018.
SF	\$2,784,525	\$3,739,612	\$3,931,339	\$3,575,913	\$3,575,913	TEDCO – Enterprise Fund. SF expenditures increase by same amount each year beginning in FY 2018.
SF	\$1,000,000	\$2,600,000	\$2,678,000	\$2,758,000	\$2,841,000	Economic Development Marketing Fund. SF expenditures increase by same amount.
HB 1039	Wicomico County – Alcoholic Beverages – Micro-Breweries – Annual Production Limit (Ch. 294)					
GF	increase	increase	increase	increase	increase	Potential minimal sales tax and alcoholic beverages tax revenues.
HB 1110	Law Enforcement – Special Police Officers (Ch. 298)					
GF	\$0	\$0	(\$11,280)	\$0	\$0	
HB 1114	State Lottery and Gaming Control Agency – Raffles – Authorized (Ch. 118)					
GF	increase	increase	increase	increase	increase	Potential significant lottery sales revenues.
HB 1172	Individuals With Developmental Disabilities – Providers – Licenses (Ch. 470)					
GF	increase	increase	increase	increase	increase	Penalty revenues.
HB 1178	Recordation and Transfer Taxes – Exemption – Purchase Money Mortgage or Purchase Money Deed of Trust (Ch. 301)					
SF	decrease	decrease	decrease	decrease	decrease	Minimal transfer tax revenues beginning in FY 2015.
HB 1182	Academic Facilities Bonding Authority (Ch. 471)					
BOND	\$54,500,000	\$0	\$0	\$0	\$0	Anticipated in FY 2016 capital budget. Bond expenditures increase by same amount.

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 1229	Commercial Motor Vehicles – Denial, Cancellation, Suspension, or Revocation of Registration (Ch. 304)						
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 1241	Maryland Transportation Authority – Payment of Tolls and Related Fees (Ch. 122)						
	NB	increase	increase	increase	indeterminate	indeterminate	Potential toll and penalty revenues. Whether any impact in later years is an increase or decrease is uncertain.

Totals by Fund Type/Summary of Quantifiable Revenue Effects

<u>Fund Type</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
GF	\$48,195,993	(\$12,483,553)	(\$16,895,388)	(\$16,596,551)	(\$16,928,510)
SF	(\$7,467,111)	\$30,795,582	\$30,915,268	\$30,958,588	\$30,235,766
FF	(\$35,500,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)
BOND	\$79,125,000	\$0	\$0	\$0	\$0

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 44	Vehicle Laws – Maximum Speed Limits on Highways (Ch. 320)						
	NB Transportation	\$350,000	increase	increase	increase	increase	Potential study, outreach, equipment, and personnel costs.
	SF Transportation	\$350,000	increase	increase	increase	increase	
SB 51	Commission on African American History and Culture – Duties (Ch. 145)						
	GF Executive Dept.	\$484,503	\$647,145	\$655,127	\$663,265	\$671,558	
SB 67	Crime of Violence – Home Invasion (Ch. 321)						
	GF Public Sfty. & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
SB 69	State Board of Pharmacy – Sterile Compounding – Compliance by Nonresident Pharmacies and Repeal of Permit Requirement (Ch. 5)						
	SF Hlth. & Mental Hyg.	\$73,577	\$70,858	\$74,203	\$77,709	\$81,236	\$54,584 included in FY 2016 budget.
SB 88	Natural Resources – Game Birds – Baiting (Ch. 148)						
	GF Natural Resources	\$386,324	\$15,000	\$18,000	\$21,000	\$24,000	
SB 133	Environment – Bay Restoration Fund – Use of Funds (Ch. 153)						
	SF Environment	increase	increase	increase	increase	increase	Potential grant expenditures.
SB 183	Education – Geographic Cost of Education – Requirement (Ch. 477)						
	GF Education	\$68,100,236 ¹	\$69,874,166	\$71,889,410	\$74,290,925	\$76,324,415	Mandated appropriation beginning in FY 2017.

¹ The budget adopted by the General Assembly provided for the additional 50% of funding (\$68.1 million) needed to fully fund the Geographic Cost of Education Index (GCEI) in FY 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in FY 2016 at 50% of full funding.

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 265	Calvert County – Electronic Bingo and Electronic Tip Jars – Distribution of Admissions and Amusement Tax Revenues (Ch. 334)						
	SF Natural Resources	\$0	\$685,373	\$674,943	\$664,672	\$0	SF revenues increase by same amount.
SB 269	Domestic Violence – Additional Relief (Ch. 335)						
	GF Judiciary	\$44,124	\$0	\$0	\$0	\$0	
SB 315	Domestic Violence – 2-Year Protective Order (Ch. 338)						
	GF Judiciary	\$50,020	\$0	\$0	\$0	\$0	
SB 320	University of Maryland School of Medicine – Workgroup to Study Issues Related to Uterine Fibroids (Ch. 24)						
	HE Univ. Sys. of MD	\$35,000	\$0	\$0	\$0	\$0	
SB 335/HB 847	Community Colleges – Victims of Human Trafficking – Exemption From Out-of-County and Out-of-Region Fees (Ch. 340/Ch. 341)						
	GF Higher Ed. Comm.	\$0	\$0	increase	increase	increase	Potential minimal community college formula funding.
SB 350/HB 243	Procurement – Veteran-Owned Small Business Enterprises – Participation Goal (Ch. 343/Ch. 344)						
	GF/SF/FF All or Multiple Agencies	increase	increase	increase	increase	increase	Minimal procurement costs.
SB 364	Alternate Contributory Pension Selection – Return to Employment (Ch. 163)						
	GF/SF/FF All or Multiple Agencies	\$0	\$0	increase	increase	increase	Minimal pension liabilities and employer contributions.
SB 374	Maryland False Claims Act (Ch. 165)						
	GF Attorney General’s Office	\$0	\$0	\$501,773	\$502,308	\$525,311	
SB 416/HB 838	Health Insurance – Coverage for Infertility Services (Ch. 482/Ch. 483)						
	FF Budget & Mgt.	\$25,080	\$52,166	\$56,339	\$60,847	\$65,714	
	GF Budget & Mgt.	\$134,520	\$279,802	\$302,186	\$326,361	\$352,470	
	SF Budget & Mgt.	\$68,400	\$142,272	\$153,654	\$165,946	\$179,222	

Legislation Affecting State Expenditures

<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 433	Funeral Establishments and Crematories – Unclaimed Remains of Veterans – Disposition (Ch. 349)					
GF/SF/FF Veterans Affairs	increase	increase	increase	increase	increase	Inurnment costs.
SB 449	State Board of Physicians – Physicians, Physician Assistants, and Allied Health Practitioners – Licensure Requirements (Ch. 34)					
SF Hlth. & Mental Hyg.	\$86,759	\$221,345	\$451,942	\$326,410	\$93,605	\$19,500 included in FY 2016 budget.
SB 477	Domestic Violence – Persons Eligible for Relief (Ch. 354)					
GF Judiciary	\$10,040	\$0	\$0	\$0	\$0	
SB 490	Capital Grant Program for Local School Systems With Significant Enrollment Growth or Relocatable Classrooms (Ch. 355)					
BOND School Construction	\$20,000,000	\$0	\$0	\$0	\$0	Included in FY 2016 capital budget. Bond revenues increase by same amount.
GF School Construction	\$0	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	Mandated appropriation beginning in FY 2017.
SB 496/HB 672	Maryland College Education Export Act of 2015 (Ch. 175/Ch. 176)					
GF Higher Ed. Comm.	\$58,875	\$74,396	\$77,897	\$81,566	\$85,412	
SB 546/HB 368	Civil Actions – Immunity From Liability – Emergency Medical Care for Drug Overdose (Ch. 359/Ch. 360)					
GF All or Multiple Agencies	decrease	decrease	decrease	decrease	decrease	Potential minimal SITF assessment costs.
SF Treasurer	decrease	decrease	decrease	decrease	decrease	Potential minimal SITF claim payments.
SB 549	Criminal Law – Identity Fraud – Name of the Individual (Ch. 361)					
GF Public Sfty. & Corr. Svcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
SB 573	Insurance – Standard Valuation Law and Reserve and Nonforfeiture Requirements (Ch. 367)					
SF Insur. Admin.	\$0	\$289,398	\$177,943	\$186,014	\$194,455	

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 582	Pilot Program for Small Business Development by Ex-Offenders (Ch. 315)						
	GF Labor Lic. & Reg.	\$96,744	\$83,053	\$86,667	\$90,439	\$94,377	
SB 583	DNA Evidence – Postconviction Review (Ch. 369)						
	GF State Police	increase	increase	increase	increase	increase	Potential significant DNA testing costs.
SB 595	Public Charter School Improvement Act of 2015 (Ch. 311)						
	GF Education	\$312,417	\$59,207	\$61,856	\$64,631	\$67,532	\$250,000 included in FY 2016 budget.
SB 600	Chesapeake Bay Trust and Chesapeake Conservation Corps – Funding (Ch. 370)						
	GF Natural Resources	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	
SB 601	African American Heritage Preservation Program – Reestablishment and Revisions (Ch. 371)						
	BOND Planning	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	Included in FY 2016 capital budget. Mandated appropriation beginning in FY 2017.
	SF Planning	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	SF revenues increase by same amount.
SB 606	Health Insurance – Abuse-Deterrent Opioid Analgesic Drug Products – Coverage (Ch. 372)						
	GF/SF/FF Budget & Mgt.	increase	increase	increase	increase	increase	Minimal prescription drug costs.
SB 618	Public Safety – Retired Law Enforcement Officer Identification Card (Ch. 184)						
	GF Public Sfty. & Corr. Srvcs.	\$1,440	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 651	Criminal Procedure – Expungement – Conviction of a Crime That Is No Longer a Crime (Ch. 374)						
	GF Judiciary	increase	increase	increase	increase	increase	Potential significant personnel costs.
	GF Public Sfty. & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential significant personnel costs.
SB 695/HB 755	General Provisions – Public Information Act – Enforcement, Fees, and Exemptions (Ch. 135/Ch. 136)						
	GF Attorney General’s Office	\$199,872	\$254,581	\$266,463	\$278,913	\$291,956	
SB 755	Election Law – Campaign Finance – Central Committee Candidates (Ch. 380)						
	GF Board of Elections	\$0	\$0	(\$5,000)	\$0	\$0	
SB 796	Public Health – Maryland AIDS Drug Assistance Program – Expansion of Eligibility and Services – Pharmaceutical Rebate Coverage (Ch. 384)						
	SF Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant program expenditures.
SB 816/HB 779	Maryland Higher Education Outreach and College Access Pilot Program (Ch. 200/Ch. 201)						
	GF Higher Ed. Comm.	\$0	\$180,472	\$177,348	\$0	\$0	
SB 853/HB 1161	Ethan Saylor Alliance for Self-Advocates as Educators (Ch. 387/Ch. 388)						
	GF Disabilities	\$75,000	\$75,750	\$76,508	\$77,273	\$78,045	
SB 862	Maryland Park Service – Operations Revenue – Mandated Appropriation (Ch. 389)						
	GF Natural Resources	\$0	increase	increase	increase	increase	Program costs of up to \$2.2 million in FY 2017 and up to \$4.5 million in FY 2018 and future years. Mandated appropriation beginning in FY 2017.

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
SB 863	Watershed Protection and Restoration Programs – Revisions (Ch. 124)						
	GF Environment	\$204,740	\$197,273	\$206,633	\$216,449	\$226,746	
	GF/SF/FF All or Multiple Agencies	increase	increase	increase	increase	increase	Potential significant fee payments.
	SF Environment	increase	increase	increase	increase	increase	Potential grant expenditures.
SB 868	Public Utilities – Transportation Network Services and For-Hire Transportation (Ch. 204)						
	SF Comptroller	increase	increase	increase	increase	increase	Administrative costs. SF revenues increase by similar amount.
	SF Insur. Admin.	\$59,555	\$8,911	\$0	\$0	\$0	
	SF Public Srvc. Comm.	\$109,302	\$104,100	\$108,826	\$113,783	\$118,982	SF revenues increase by same amount.
SB 896	Military Personnel and Veteran-Owned Small Business No-Interest Loan Program and Fund (Ch. 390)						
	GF Bus. & Econ. Dvlpmt.	\$0	\$0	decrease	decrease	decrease	Special fund capitalization.
	SF Bus. & Econ. Dvlpmt.	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	SF revenues increase by same amount.
SB 905	Income Tax – Film Production Activity Tax Credit (Ch. 486)						
	GF Bus. & Econ. Dvlpmt.	\$0	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	
SB 910	Motor Vehicle Insurance – Entry-Level Commercial Truck Driver’s License Holders – Study (Ch. 208)						
	GF Labor Lic. & Reg.	\$58,926	\$57,025	\$0	\$0	\$0	
HB 5	Department of Health and Mental Hygiene – Newborn Screening Program Fund – Establishment (Ch. 56)						
	GF Hlth. & Mental Hyg.	(\$5,394,069)	(\$7,097,106)	(\$7,010,506)	(\$7,172,082)	(\$7,430,391)	
	SF Hlth. & Mental Hyg.	\$5,394,069	\$7,097,106	\$7,010,506	\$7,172,082	\$7,430,391	
HB 9	Maryland Licensure of Direct-Entry Midwives Act (Ch. 393)						
	SF Hlth. & Mental Hyg.	\$108,559	\$44,137	\$4,080	\$4,121	\$4,162	
HB 11	Edward T. and Mary A. Conroy and Jean B. Cryor Memorial Scholarship Programs – Eligibility (Ch. 215)						
	GF Higher Ed. Comm.	increase	increase	increase	increase	increase	Potential minimal tuition assistance.

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 37	Frederick Center for Research and Education in Science and Technology (Ch. 218)						
	GF Higher Ed. Comm.	\$0	increase	increase	increase	increase	Potential grant expenditures.
HB 54	Circuit Court Real Property Records Improvement Fund – Funding (Ch. 488)						
	GF Judiciary	\$25,600	\$0	\$0	\$0	\$0	
HB 72	Budget Reconciliation and Financing Act of 2015 (Ch. 489)						
	BOND Transportation	(\$65,000,000)	\$0	\$0	\$0	\$0	Accounted for in FY 2016 capital budget. Included in FY 2016 budget. (\$20,800,000) included in FY 2016 budget. FF revenues decrease by same amount. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget. Included in FY 2016 budget.
	FF All or Multiple Agencies	(\$14,352,038)	(\$18,646,038)	(\$23,116,038)	(\$27,426,038)	(\$25,056,038)	
	FF Hlth. & Mental Hyg.	(\$25,500,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	
	FF Human Resources	(\$386,582)	(\$394,314)	(\$402,200)	(\$410,244)	(\$418,449)	
	FF Juvenile Services	(\$59,924)	(\$61,122)	(\$62,345)	(\$63,592)	(\$64,864)	
	GF Agriculture	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)	
	GF All or Multiple Agencies	(\$145,010,290)	(\$190,100,290)	(\$237,020,290)	(\$282,300,290)	(\$257,380,290)	
	GF Bus. & Econ. Dvlpmt.	(\$500,000)	\$0	\$0	\$0	\$0	
	GF Education	(\$29,337,729)	(\$39,020,906)	(\$40,006,311)	(\$28,864,156)	(\$28,355,084)	
	GF Governor’s Office of Crime Control and Prevention	(\$3,720,710)	\$0	\$0	\$0	\$0	
	GF Higher Ed. Comm.	(\$14,107,190)	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

<u>Fund</u>	<u>Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
GF	Hlth. & Mental Hyg.	(\$34,400,000)	(\$16,700,000)	(\$16,700,000)	(\$16,700,000)	(\$16,700,000)	Included in FY 2016 budget. GF expenditures decrease by \$47,000,000 in FY 2015.
GF	Housing & Commtly Dvlpt.	(\$2,400,000)	\$0	\$0	\$0	\$0	Included in FY 2016 budget.
GF	Human Resources	(\$1,266,487)	(\$1,291,817)	(\$1,317,653)	(\$1,344,006)	(\$1,370,886)	Included in FY 2016 budget.
GF	Juvenile Services	(\$806,661)	(\$822,794)	(\$839,250)	(\$856,035)	(\$873,156)	Included in FY 2016 budget.
GF	Natural Resources	(\$875,000)	\$0	\$0	\$0	\$0	Included in FY 2016 budget.
GF	Natural Resources/ Agriculture	(\$50,000,000)	\$0	\$0	\$0	\$0	Included in FY 2016 budget.
HE	All or Multiple Agencies	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)	Included in FY 2016 budget.
SF	Agriculture	(\$9,830,434)	\$5,535,453	\$0	\$0	\$0	Included in FY 2016 budget.
SF	All or Multiple Agencies	(\$18,880,334)	(\$23,174,334)	(\$27,644,334)	(\$31,954,334)	(\$29,584,334)	Included in FY 2016 budget.
SF	Hlth. & Mental Hyg.	\$14,500,000	\$0	\$0	\$0	\$0	SF revenues increase by same amount in FY 2016. SF expenditures increase by \$55,000,000 in FY 2015.
SF	Housing & Commtly Dvlpt.	\$2,400,000	\$0	\$0	\$0	\$0	
SF	Juvenile Services	(\$44,916)	(\$45,814)	(\$46,731)	(\$47,665)	(\$48,619)	Included in FY 2016 budget.

Legislation Affecting State Expenditures

	<u>Fund</u>	<u>Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
	SF	Natural Resources	(\$35,646,898)	\$26,930,548	\$0	\$0	\$0	(\$36,521,898) included in FY 2016 budget. SF expenditures decrease by \$1,740,000 in FY 2015. SF revenues decrease by \$8,639,632 in FY 2016.
	SF	Transportation	\$65,000,000	\$0	\$0	\$0	\$0	Included in FY 2016 budget.
HB 73	Voters' Rights Protection Act of 2015 (Ch. 396)							
	GF	Judiciary	increase	increase	increase	increase	increase	Potential significant Court of Appeals costs.
HB 110	Creation of a State Debt – Qualified Zone Academy Bonds (Ch. 401)							
	BOND	School Construction	\$4,625,000	\$0	\$0	\$0	\$0	Anticipated in FY 2016 capital budget. Bond revenues increase by same amount.
	SF	Debt Service	\$154,167	\$308,333	\$308,333	\$308,333	\$308,333	
HB 114	Maryland Tort Claims Act – Claim Requirement and Limit on Liability (Ch. 132)							
	GF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential significant SITF assessment and personnel costs.
	SF	Treasurer	increase	increase	increase	increase	increase	Potential significant SITF claim payments and litigation costs.
HB 120	Criminal Procedure – Failure to Appear – Rescheduling (Ch. 402)							
	GF	Judiciary	increase	\$0	\$0	\$0	\$0	Potential significant programming costs in FY 2016.
	GF	Public Sfty. & Corr. Svcs.	decrease	decrease	decrease	decrease	decrease	Potential incarceration costs.

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 121	Criminal Procedure – Drug-Related Offenses – Departure From Mandatory Minimum Sentences (Ch. 490)						
	GF Crim. Sent. Policy, Comm.	increase	\$0	\$0	\$0	\$0	Minimal programming costs.
	GF Public Sfty. & Corr. Srvcs.	\$0	\$0	decrease	decrease	decrease	Incarceration costs.
HB 154	Maryland Home Builder Registration Act – Guaranty Fund – Claims (Ch. 224)						
	NB Attorney General’s Office	increase	increase	increase	increase	increase	Potential minimal claim payments.
	SF Attorney General’s Office	decrease	decrease	decrease	decrease	decrease	Minimal administrative hearing costs.
HB 158	State Personnel and Procurement – Service Contracts – Reporting and Audit Requirements (Ch. 403)						
	GF Leg. Services	increase	increase	increase	increase	increase	Potential personnel costs.
HB 200	State Correctional Facilities – Correctional Officers – Polygraph Examination (Ch. 407)						
	GF Public Sfty. & Corr. Srvcs.	\$141,656	\$142,096	\$148,659	\$155,543	\$162,760	
HB 201	Vehicle Laws – Special Registration Plates and Parking Placards for Individuals With Disabilities – Licensed Physical Therapists (Ch. 76)						
	SF Transportation	\$1,500	\$0	\$0	\$0	\$0	
HB 243/SB 350	See entry for SB 350.						
HB 244	Maryland Second Chance Act of 2015 (Ch. 313)						
	GF Judiciary	\$294,250	increase	increase	increase	increase	Potential significant personnel costs beginning in FY 2016 (in addition to the \$294,250).

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 263	Domestic Violence – Permanent Protective Orders – Conspiracy or Solicitation to Commit Murder (Ch. 233)						
	GF Judiciary	\$11,642	\$0	\$0	\$0	\$0	
HB 304	Criminal Procedure – Expungement of Records (Ch. 314)						
	GF Judiciary	increase	increase	increase	increase	increase	Potential significant personnel costs.
	GF Public Sfty. & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential significant personnel costs.
HB 323	Maryland Building Performance Standards – Modifications – Energy Codes (Ch. 239)						
	GF Housing & Commtty Dvlpt.	\$212,927	\$272,208	\$284,864	\$298,123	\$312,014	
HB 356	Department of General Services – Deep Creek Lake Buy Down Area Program – Extension (Ch. 243)						
	GF Gen. Services	\$147,728	\$157,138	\$163,852	\$42,717	\$0	
	SF Natural Resources	increase	increase	increase	increase	increase	Potential significant land acquisition expenditures.
HB 367	Public Health – Maryland Behavioral Health Crisis Response System (Ch. 416)						
	FF Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential minimal Medicaid expenditures.
	GF Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant program costs and minimal Medicaid expenditures.
HB 368/SB 546	See entry for SB 546.						
HB 375	Education – Maryland Council on Advancement of School-Based Health Centers (Ch. 417)						
	GF Education	\$37,893	\$45,722	\$47,846	\$50,074	\$52,404	
HB 390	Protective Order and Peace Order Petitions – Maryland Residents (Ch. 418)						
	GF Judiciary	\$62,208	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 460	Couples Advancing Together Pilot Program – Eligibility and Extension (Ch. 422)						
	GF Human Resources	\$50,000	\$0	\$0	\$0	\$0	
HB 485	Election Law – Fair Campaign Financing Fund – Income Tax Checkoff (Ch. 312)						
	GF Comptroller	\$48,000	\$0	\$0	\$0	\$0	
	GF Board of Elections	\$33,000	\$33,000	\$100,000	\$100,000	\$33,000	
	SF Board of Elections	\$30,000	\$0	\$0	\$0	\$0	
HB 490	Natalie M. LaPrade Medical Cannabis Commission – Miscellaneous Revisions (Ch. 251)						
	SF Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Program costs of at least \$225,300 in FY 2016 and similar amounts in future years. Accounted for in FY 2016 budget.
HB 511	Real Property – Residential Property – Ground Leases (Ch. 428)						
	SF Assessments & Tax.	increase	increase	increase	increase	increase	Potential minimal program costs.
HB 514	Maryland Commission on Climate Change (Ch. 429)						
	GF Gen. Services	\$0	\$8,000	\$8,000	\$8,000	\$8,000	
	HE Univ. Sys. of MD	\$0	\$0	\$50,000	\$0	\$0	
	SF Transportation	\$0	\$40,000	\$25,000	\$25,000	\$25,000	
HB 524	Vehicle Laws – Single Registration Plate – Class L (Historic) Vehicles and Class N (Street Rod) Vehicles (Ch. 257)						
	SF Transportation	(\$28,338)	(\$38,162)	(\$38,543)	(\$38,929)	(\$39,318)	
HB 541	Public Service Commission – Attachments to Utility Poles – Study (Ch. 431)						
	SF Public Srvc. Comm.	\$50,000	\$0	\$0	\$0	\$0	SF revenues increase by same amount.
HB 552	Health Insurance – Medical Stop-Loss Insurance – Small Employers (Ch. 494)						
	SF Insur. Admin.	\$80,000	\$20,000	\$0	\$0	\$0	

Legislation Affecting State Expenditures

<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 564	State Personnel – Limits on Use of Leave for Birth, Adoption, Foster Placement, or Care of Child (Ch. 435)					
GF/SF/FF All or Multiple Agencies	increase	increase	increase	increase	increase	Minimal personnel costs.
HB 587	State Board of Barbers – Limited License – Barber-Stylist (Ch. 262)					
GF Labor Lic. & Reg.	\$15,000	\$0	\$0	\$0	\$0	
HB 613	Hospitals – Rate-Setting – Participation in 340B Program Under the Federal Public Health Service Act (Ch. 263)					
FF Hlth. & Mental Hyg.	decrease	decrease	decrease	decrease	decrease	Medicaid expenditures. FF revenues decrease by same amount.
GF Hlth. & Mental Hyg.	decrease	decrease	decrease	decrease	decrease	Medicaid expenditures.
HB 672/SB 496	See entry for SB 496.					
HB 689	Worcester County – Alcoholic Beverages – Limited Distillery License (Ch. 449)					
GF Comptroller	\$48,000	\$0	\$0	\$0	\$0	
HB 694	Law Enforcement Officers’ Pension System – Division of Parole and Probation – Warrant Apprehension Unit Employees – Membership (Ch. 268)					
FF All or Multiple Agencies	\$0	\$0	\$18,800	\$19,400	\$19,800	
GF All or Multiple Agencies	\$0	\$0	\$56,400	\$58,200	\$59,400	
SF All or Multiple Agencies	\$0	\$0	\$18,800	\$19,400	\$19,800	
HB 755/SB 695	See entry for SB 695.					
HB 775	Inaugural Committees – Donations and Disbursements – Disclosure (Ch. 275)					
GF Board of Elections	\$0	\$4,000	\$0	\$0	\$0	
HB 779/SB 816	See entry for SB 816.					

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 786	Self-Service Storage Facilities – Enforcement of Lien – Procedures (Ch. 103)						
	SF Comptroller	\$0	increase	increase	increase	increase	Potential salary expenditures.
HB 805	State Board of Professional Counselors and Therapists – Examination of Applicants, Licensees, Certificate Holders, and Trainees (Ch. 457)						
	SF Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Minimal program costs.
HB 838/SB 416	See entry for SB 416.						
HB 847/SB 335	See entry for SB 335.						
HB 871	State Board of Individual Tax Preparers – Expiration and Surrender of Registrations and Civil and Criminal Penalties (Ch. 462)						
	SF Labor Lic. & Reg.	increase	increase	\$0	\$0	\$0	Personnel costs.
HB 896	Joint Committee on Behavioral Health and Opioid Use Disorders (Ch. 464)						
	GF Leg. Services	increase	increase	increase	increase	increase	Potential contractual consulting costs of approximately \$100,000 in a given year.
HB 939	Proposed Regulations – Determination of Impact on Small Businesses (Ch. 137)						
	GF Bus. & Econ. Dvlpmnt.	\$76,900	\$98,729	\$103,225	\$107,932	\$112,861	
HB 940	Office of the Business Ombudsman – State Customer Service and Business Development Efforts Training Program (Ch. 138)						
	GF Executive Dept.	\$165,200	\$105,200	\$105,200	\$105,200	\$105,200	
HB 942	Apprenticeship Pilot Program – Apprenticeship Maryland (Ch. 140)						
	GF Labor Lic. & Reg.	\$48,759	\$42,319	\$44,084	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Agency</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Comments</u>
HB 943	Economic Competitiveness and Commerce – Restructuring (Ch. 141)						
	GF Econ. Comp. & Comm.	(\$2,895,679)	(\$6,505,099)	(\$6,700,252)	(\$6,900,919)	(\$7,108,207)	
	GF Office of Sec. of Comm.	\$395,572	\$513,724	\$537,237	\$561,841	\$587,590	
	GF P3 Marketing Corp.	\$1,000,000	\$2,600,000	\$2,678,000	\$2,758,000	\$2,841,000	
	GF TEDCO	\$1,895,679	\$3,905,099	\$4,022,252	\$4,142,919	\$4,267,207	
	SF Econ. Comp. & Comm	(\$13,450,787)	(\$4,616,785)	(\$3,931,339)	(\$3,575,913)	(\$3,575,913)	SF revenues decrease by same amount each year beginning in FY 2018.
	SF P3 Marketing Corp.	\$1,000,000	\$2,600,000	\$2,678,000	\$2,758,000	\$2,841,000	SF revenues increase by same amount.
	SF TEDCO	\$13,450,787	\$4,616,785	\$3,931,339	\$3,575,913	\$3,575,913	SF revenues increase by same amount each year beginning in FY 2018.
HB 965	The Hunger-Free Schools Act of 2015 (Ch. 291)						
	GF Education	\$0	indeterminate	indeterminate	\$0	\$0	Potential minimal State aid expenditures.
HB 1039	Wicomico County – Alcoholic Beverages – Micro-Breweries – Annual Production Limit (Ch. 294)						
	GF Comptroller	\$48,000	\$0	\$0	\$0	\$0	
HB 1080	9-1-1 Emergency Telephone System – Multiple-Line Telephone Systems – Direct Dial (Kari’s Law) (Ch. 116)						
	GF All or Multiple Agencies	increase	increase	increase	increase	increase	Minimal programming costs.
HB 1161/SB 853	See entry for SB 853.						
HB 1182	Academic Facilities Bonding Authority (Ch. 471)						
	BOND Univ. Sys. of MD	\$54,500,000	\$0	\$0	\$0	\$0	Anticipated in FY 2016 capital budget. Bond revenues increase by same amount.
	HE Univ. Sys. of MD	\$0	\$4,470,000	\$4,470,000	\$4,470,000	\$4,470,000	
HB 1241	Maryland Transportation Authority – Payment of Tolls and Related Fees (Ch. 122)						
	NB Transportation	decrease	decrease	decrease	decrease	decrease	Administrative costs.

Quantifiable Expenditures by Agency

<u>Agency</u>	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Agriculture						
	GF	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)	(\$1,125,000)
	SF	(\$9,830,434)	\$5,535,453	\$0	\$0	\$0
All or Multiple Agencies						
	GF	(\$145,010,290)	(\$190,100,290)	(\$236,963,890)	(\$282,242,090)	(\$257,320,890)
	SF	(\$18,880,334)	(\$23,174,334)	(\$27,625,534)	(\$31,934,934)	(\$29,564,534)
	FF	(\$14,352,038)	(\$18,646,038)	(\$23,097,238)	(\$27,406,638)	(\$25,036,238)
	HE	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)	(\$43,699,000)
Attorney General's Office						
	GF	\$199,872	\$254,581	\$768,236	\$781,221	\$817,267
Board of Elections						
	GF	\$33,000	\$37,000	\$95,000	\$100,000	\$33,000
	SF	\$30,000	\$0	\$0	\$0	\$0
Budget & Management						
	GF	\$134,520	\$279,802	\$302,186	\$326,361	\$352,470
	SF	\$68,400	\$142,272	\$153,654	\$165,946	\$179,222
	FF	\$25,080	\$52,166	\$56,339	\$60,847	\$65,714
Business & Economic Development (Economic Competitiveness & Commerce)¹						
	GF	(\$3,318,779)	\$18,593,630	\$18,402,973	\$18,207,013	\$18,004,654
	SF	(\$13,150,787)	(\$4,316,785)	(\$3,631,339)	(\$3,275,913)	(\$3,275,913)
Comptroller						
	GF	\$144,000	\$0	\$0	\$0	\$0

¹ HB 943 (Ch. 141) renames the Department of Business and Economic Development to be the Department of Economic Competitiveness and Commerce.

Quantifiable Expenditures by Agency (Continued)

<u>Agency</u>	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Debt Service	SF	\$154,167	\$308,333	\$308,333	\$308,333	\$308,333
Disabilities	GF	\$75,000	\$75,750	\$76,508	\$77,273	\$78,045
Education	GF	(\$28,987,419)	\$30,958,189	\$31,992,801	\$45,541,474	\$48,089,267
Environment	GF	\$204,740	\$197,273	\$206,633	\$216,449	\$226,746
Executive Department	GF	\$649,703	\$752,345	\$760,327	\$768,465	\$776,758
General Services	GF	\$147,728	\$165,138	\$171,852	\$50,717	\$8,000
Governor's Office of Crime Control & Prevention	GF	(\$3,720,710)	\$0	\$0	\$0	\$0
Higher Education Commission	GF	(\$14,048,315)	\$254,868	\$255,245	\$81,566	\$85,412
Health & Mental Hygiene	GF	(\$39,794,069)	(\$23,797,106)	(\$23,710,506)	(\$23,872,082)	(\$24,130,391)
	SF	\$20,162,964	\$7,433,446	\$7,540,731	\$7,580,322	\$7,609,394
	FF	(\$25,500,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)	(\$20,800,000)
Housing & Community Development	GF	(\$2,187,073)	\$272,208	\$284,864	\$298,123	\$312,014
	SF	\$2,400,000	\$0	\$0	\$0	\$0

Effect of the 2015 Legislative Program on the Financial Condition of the State

Quantifiable Expenditures by Agency (Continued)

<u>Agency</u>	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Human Resources						
	GF	(\$1,216,487)	(1,291,817)	(\$1,317,653)	(\$1,344,006)	(\$1,370,886)
	FF	(\$386,582)	(\$394,314)	(\$402,200)	(\$410,244)	(\$418,449)
Insurance Administration						
	SF	\$139,555	\$318,309	\$177,943	\$186,014	\$194,455
Judiciary						
	GF	\$497,884	\$0	\$0	\$0	\$0
Juvenile Services						
	GF	(\$806,661)	(\$822,794)	(\$839,250)	(\$856,035)	(\$873,156)
	SF	(\$44,916)	(\$45,814)	(\$46,731)	(\$47,665)	(\$48,619)
	FF	(\$59,924)	(\$61,122)	(\$62,345)	(\$63,592)	(\$64,864)
Labor, Licensing, & Regulation						
	GF	\$219,429	\$182,397	\$130,751	\$90,439	\$94,377
Natural Resources						
	GF	(\$363,676)	\$140,000	\$143,000	\$146,000	\$149,000
	SF	(\$35,646,898)	\$27,615,921	\$674,943	\$664,672	\$0
Natural Resources/Agriculture						
	GF	(\$50,000,000)	\$0	\$0	\$0	\$0
Office of the Secretary of Commerce						
	GF	\$395,572	\$513,724	\$537,237	\$561,841	\$587,590
P3 Marketing Corporation						
	GF	\$1,000,000	\$2,600,000	\$2,678,000	\$2,758,000	\$2,841,000
	SF	\$1,000,000	\$2,600,000	\$2,678,000	\$2,758,000	\$2,841,000

Quantifiable Expenditures by Agency (Continued)

<u>Agency</u>	<u>Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Planning						
	SF	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
	BOND	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Public Safety & Correctional Services						
	GF	\$143,096	\$142,096	\$148,659	\$155,543	\$162,760
Public Service Commission						
	SF	\$159,302	\$104,100	\$108,826	\$113,783	\$118,982
School Construction						
	GF	\$0	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
	BOND	\$24,625,000	\$0	\$0	\$0	\$0
Technology Development Corporation						
	GF	\$1,895,679	\$3,905,099	\$4,022,252	\$4,142,919	\$4,267,207
	SF	\$13,450,787	\$4,616,785	\$3,931,339	\$3,575,913	\$3,575,913
Transportation						
	SF	\$65,323,162	\$1,838	(\$13,543)	(\$13,929)	(\$14,318)
	NB	\$350,000				
	BOND	(\$65,000,000)	\$0	\$0	\$0	\$0
University System of Maryland						
	HE	\$35,000	\$4,470,000	\$4,520,000	\$4,470,000	\$4,470,000
	BOND	\$54,500,000	\$0	\$0	\$0	\$0

Totals by Fund Type/Summary of Quantifiable Expenditure Effects

<u>Fund Type</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
GF	(\$284,838,256)	(\$137,812,907)	(\$182,979,775)	(\$215,135,809)	(\$187,934,756)
SF	\$25,334,968	\$22,139,524	(\$14,743,378)	(\$18,919,458)	(\$17,076,085)
FF	(\$40,273,464)	(\$39,849,308)	(\$44,305,444)	(\$48,619,627)	(\$46,253,837)
BOND	\$15,125,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

Regular Positions Needed by Agency

<u>Agency</u>	<u>Fund</u>	<u>Beginning in FY 2016</u>	<u>Beginning in FY 2017</u>
Attorney General's Office	GF	3	0
Business & Economic Development (Economic Competitiveness & Commerce)	GF	1	0
	GF/SF	(-) ¹	0
Comptroller	SF	1.5	0
Education	GF	1	0
Environment	GF	3	0
Executive Department	GF	4.5	0
Higher Education Commission	GF	1	0.5

¹ Reflects a potential decrease in Department of Economic Competitiveness and Commerce staff due to certain responsibilities being transferred to other agencies under HB 943 (Ch. 141).

Regular Positions Needed by Agency (Continued)

<u>Agency</u>	<u>Fund</u>	<u>Beginning in FY 2016</u>	<u>Beginning in FY 2017</u>
Health & Mental Hygiene	GF	(32.8)	0
	SF	34.8	0
Housing & Community Development	GF	3	0
Insurance Administration	SF	0	1
P3 Marketing Corporation	SF	5	0
Public Safety & Correctional Services	GF	2	0
Technology Development Corporation	GF	3	0
	SF	7	0
Total		37²	1.5

² Does not reflect a potential decrease in Department of Economic Competitiveness and Commerce staff under HB 943 (Ch. 141).

Contractual Positions Needed by Agency

<u>Agency</u>	<u>Fund</u>	<u>Beginning in FY 2016</u>	<u>Beginning in FY 2017</u>
General Services	GF	2	0
Health & Mental Hygiene	GF	(1)	0
	SF	2	2
Insurance Administration	SF	1	(1)
Labor, Licensing, & Regulation	GF	4	0
Public Service Commission	SF	1.5	0
Total		9.5	1

Chapter 4. Local Government

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

State Aid to Local Governments

Overview

State aid to local governments will total \$7.1 billion in fiscal 2016, representing a \$91.6 million, or 1.3%, increase from the prior year. Direct aid will increase by \$98.6 million, and State funding for retirement payments will decrease by \$7.0 million, reflecting a reduction in the supplemental payment. As in prior years, local school systems will receive the largest increase in State funding. **Exhibit 4.1** compares State aid by governmental entity in fiscal 2015 and 2016.

Exhibit 4.1
State Aid to Local Governments
Fiscal 2015 and 2016
(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$5,343.5	\$5,413.0	\$69.5	1.3%
Libraries	50.8	52.0	1.2	2.5%
Community Colleges	250.2	254.1	3.9	1.6%
Local Health	41.7	45.7	3.9	9.4%
County/Municipal	537.0	557.0	20.0	3.7%
Subtotal – Direct Aid	\$6,223.2	\$6,321.8	\$98.6	1.6%
Retirement Payments	\$797.4	\$790.4	-\$7.0	-0.9%
Total	\$7,020.6	\$7,112.2	\$91.6	1.3%

Note: The budget adopted by the General Assembly provided for 100% funding of the Geographic Cost of Education Index (GCEI) in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. Chapter 477 of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

Source: Department of Legislative Services

Legislative and Administration Actions

The General Assembly approved several measures during the 2015 session that affect State funding for local governments. As shown in **Exhibit 4.2**, State aid to local governments decreases by \$136.0 million from either statutorily mandated amounts or current discretionary funding levels, largely due to the Governor's discretionary action regarding the Geographic Cost of Education Index (GCEI). Direct aid to public schools, libraries and local health agencies is affected, along with State funding for transportation, public safety, and Program Open Space. Retirement State aid is also reduced by \$41.0 million. A comparison of the legislative appropriation to the Governor's action on the budget for fiscal 2016 is shown in **Exhibit 4.3**.

Exhibit 4.2
Enhancements and Reductions to State Aid Programs from Statutory Funding Levels
Fiscal 2016

County	Transportation ¹	Public Schools ²	Program Open Space ³	Library Aid Formulas	Police Aid Formula	Health Grants	Retirement	Total
Allegany	\$1,020,149	-\$373,866	-\$141,913	-\$38,291	-\$45,438	-\$95,008	-\$475,903	-\$150,271
Anne Arundel	1,252,548	-5,443,238	-1,510,311	-106,240	-363,673	-329,827	-3,573,337	-10,074,079
Baltimore City	2,000,000	-11,837,083	-1,354,370	-310,370	0	-699,751	-3,526,882	-15,728,455
Baltimore	602,901	-2,945,833	-1,708,529	-280,339	-664,178	-457,950	-4,841,723	-10,295,650
Calvert	334,514	-1,417,322	-149,666	-20,482	-40,928	-40,749	-773,502	-2,108,134
Caroline	403,786	-191,019	-66,442	-14,144	-18,115	-54,115	-244,547	-184,596
Carroll	1,269,111	-1,750,788	-339,187	-46,716	-83,262	-127,097	-1,126,014	-2,203,952
Cecil	641,893	-513,863	-174,855	-37,450	-53,263	-83,495	-714,543	-935,575
Charles	450,320	-2,676,291	-307,740	-48,795	-69,427	-103,550	-1,199,671	-3,955,153
Dorchester	452,022	-134,540	-56,697	-13,359	-20,175	-44,291	-199,641	-16,680
Frederick	2,289,322	-3,707,778	-350,811	-68,473	-124,971	-156,637	-1,817,351	-3,936,698
Garrett	386,544	-103,594	-69,869	-6,909	-11,910	-44,719	-183,554	-34,011
Harford	1,122,761	-755,822	-502,540	-74,737	-148,126	-180,043	-1,557,749	-2,096,255
Howard	231,649	-2,879,238	-890,916	-44,469	-192,729	-129,200	-3,147,025	-7,051,927
Kent	235,763	-34,249	-42,267	-4,118	-10,722	-34,347	-94,081	15,979
Montgomery	3,600,399	-17,744,167	-2,243,993	-148,435	-831,627	-330,594	-8,568,755	-26,267,171
Prince George's	4,308,631	-25,318,612	-1,930,773	-353,243	-764,128	-531,895	-5,541,633	-30,131,653
Queen Anne's	208,622	-383,889	-90,303	-7,096	-22,397	-42,804	-323,347	-661,213
St. Mary's	198,192	-512,922	-170,205	-32,023	-48,727	-83,169	-723,605	-1,372,460
Somerset	185,113	-105,543	-40,869	-14,108	-12,938	-43,388	-140,592	-172,325
Talbot	585,276	0	-94,708	-5,538	-22,267	-33,680	-195,621	233,462
Washington	1,369,876	-675,004	-267,238	-61,190	-76,920	-141,317	-965,057	-816,850
Wicomico	1,158,188	-472,033	-178,526	-49,399	-58,975	-96,988	-667,396	-365,130
Worcester	692,420	0	-168,501	-7,537	-35,815	-36,081	-365,845	78,642
Unallocated	0	-17,200,000	0	-526,084	0	0	0	-17,726,084
Total	\$25,000,000	-\$97,176,692	-\$12,851,229	-\$2,319,545	-\$3,720,710	-\$3,920,689	-\$40,967,373	-\$135,956,238

¹ Supplemental Budget No. 1 added \$25.0 million for local transportation grants to Baltimore City (\$2.0 million) county governments (\$4.0 million) and municipalities (\$19.0 million).

² The budget adopted by the General Assembly provided for 100% funding of the Geographic Cost of Education Index (GCEI) in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. Chapter 477 of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016. Includes \$11.9 million in reductions to Net Taxable Income adjustment grants, and under unallocated, \$1.7 million in enhancements for nonpublic placements; \$13.4 million in reductions for Quality Teacher Incentives; and the discretionary reduction of Early College Innovation (\$2.0 million) and Digital Learning (\$3.5 million) grants.

³ Shows \$12.9 million in reductions from the statutory allocation of the transfer tax. Program Open Space formula funding receives \$22.0 million in general obligation bond funding in fiscal 2016.

Exhibit 4.3
Change in State Aid to Local Governments
Fiscal 2016

County	Legislative Appropriation ¹	Governor's Action ¹	Difference vs. Legislative Appropriation ²	Percent Difference
Allegany	\$109,174,178	\$109,174,178	\$0	0.0%
Anne Arundel	483,783,447	478,946,801	-4,836,646	-1.0%
Baltimore City	1,237,584,178	1,225,974,037	-11,610,141	-0.9%
Baltimore	793,924,633	790,978,801	-2,945,832	-0.4%
Calvert	102,911,799	101,773,172	-1,138,627	-1.1%
Caroline	62,241,973	62,241,973	0	0.0%
Carroll	170,311,712	169,070,204	-1,241,508	-0.7%
Cecil	129,351,266	129,351,266	0	0.0%
Charles	202,225,106	200,457,886	-1,767,220	-0.9%
Dorchester	50,386,791	50,386,791	0	0.0%
Frederick	291,679,051	288,369,963	-3,309,088	-1.1%
Garrett	33,577,618	33,577,618	0	0.0%
Harford	256,803,845	256,803,845	0	0.0%
Howard	321,404,824	318,668,017	-2,736,807	-0.9%
Kent	13,848,327	13,814,078	-34,249	-0.2%
Montgomery	904,242,985	886,498,818	-17,744,167	-2.0%
Prince George's	1,278,558,473	1,258,260,706	-20,297,767	-1.6%
Queen Anne's	45,708,276	45,422,275	-286,001	-0.6%
St. Mary's	120,713,156	120,595,223	-117,933	-0.1%
Somerset	39,919,448	39,919,448	0	0.0%
Talbot	21,964,104	21,964,104	0	0.0%
Washington	203,309,831	203,309,831	0	0.0%
Wicomico	166,947,367	166,947,367	0	0.0%
Worcester	35,847,083	35,847,083	0	0.0%
Unallocated	103,797,379	103,797,379	0	0.0%
Total	\$7,180,216,850	\$7,112,150,864	-\$68,065,986	-0.9%

¹ The budget adopted by the General Assembly provided for 100% funding of the Geographic Cost of Education Index (GCEI) in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. Chapter 477 of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

² The \$68.1 million difference is explained by the decrease in GCEI funding, offset slightly by a resulting \$34,248 increase in Foundation Special Grant funding for Kent County (equivalent to half of Kent County's decrease in GCEI funding).

Reduction in Retirement Payments

The Budget Reconciliation and Financing Act (BRFA) of 2015, **House Bill 72 (Chapter 489)**, reduces the mandated State retirement supplemental contribution from \$150.0 million to \$75.0 million in fiscal 2016, and repeals the corridor funding method for the State Retirement and Pension System. This results in reductions in fiscal 2016 State aid for retirement payments for public school teachers (\$38.2 million) as well as for community college (\$2.1 million) and library (\$633,500) employees.

Geographic Cost of Education Index

The budget adopted by the General Assembly provided for 100% funding of GCEI in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. **Senate Bill 183 (Chapter 477)** of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

Net Taxable Income Adjustment Grants

The BRFA of 2015 delays the scheduled phase-in of Net Taxable Income (NTI) Adjustment Grants for public schools by one year, such that the phase-in percentage is altered from 60% to 40% in fiscal 2016, 80% to 60% in fiscal 2017, and 100% to 80% in fiscal 2018. Grant funding is fully phased in by fiscal 2019. Fiscal 2016 funding under the legislation totals \$23.8 million, which is \$11.9 million below the preexisting statutory level, and results in a \$3.0 million, or 11.3% decline compared to fiscal 2015.

Quality Teacher Incentive Grants

The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. With the transition to a new State curriculum, there has been a misalignment in recent years between what is taught in the classroom and what is tested as part of the State assessments; the assessment data drives school performance ratings. This has resulted in an artificial increase in the number of stipend-eligible schools and teachers and, therefore, significant increases in Quality Teacher Incentive (QTI) funding. The BRFA of 2015 limits eligibility in fiscal 2016 to educators who are eligible to receive stipends through the QTI program as a result of teaching in a school that was identified, in fiscal 2014, as either having comprehensive needs or not having comprehensive needs. Accordingly, the fiscal 2016 budget is reduced by \$13.4 million compared to the Governor's proposed budget. Stipends for teachers who only hold an Advanced Professional Certificate are repealed beginning in fiscal 2017. Expenditure savings under this program increase to an estimated \$21.5 million by fiscal 2020.

Transportation Grants

The fiscal 2016 budget includes \$25.0 million in additional funding for transportation grants as follows: \$2.0 million for Baltimore City; \$4.0 million for counties; and \$19.0 million for municipalities. The grants are to be allocated on the same basis as highway user revenues.

Changes by Program

Of the 24 counties in Maryland, 19 will receive increased direct State aid in fiscal 2016. **Exhibit 4.4** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. **Exhibit 4.5** shows total State aid in fiscal 2015 and 2016 by program.

Exhibit 4.4
State Aid to Local Governments
Fiscal 2016 Legislative Appropriation
(\$ in Thousands)

County	County - Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over FY 2015	Percent Change
			Public Schools	Libraries	Health						
Allegany	\$13,999	\$6,202	\$77,893	\$752	\$1,146	\$99,991	\$9,183	\$109,174	\$1,524	1.4%	
Anne Arundel	33,789	30,693	339,671	2,138	3,837	410,127	68,819	478,947	11,676	2.5%	
Baltimore City	255,709	0	888,042	6,096	8,149	1,157,997	67,977	1,225,974	-30,809	-2.5%	
Baltimore	24,635	41,519	620,648	5,545	5,270	697,618	93,361	790,979	28,295	3.7%	
Calvert	3,798	2,496	79,712	410	466	86,882	14,891	101,773	-1,877	-1.8%	
Caroline	4,730	1,675	50,193	278	652	57,528	4,714	62,242	1,957	3.2%	
Carroll	5,398	8,310	131,169	929	1,498	147,304	21,766	169,070	-3,906	-2.3%	
Cecil	7,351	5,980	100,524	740	982	115,576	13,775	129,351	-157	-0.1%	
Charles	4,262	8,546	162,407	967	1,212	177,394	23,064	200,458	680	0.3%	
Dorchester	4,394	1,248	40,113	263	532	46,551	3,836	50,387	2,548	5.3%	
Frederick	8,535	9,926	231,721	1,360	1,841	253,384	34,986	288,370	-532	-0.2%	
Garrett	4,802	3,731	20,821	138	539	30,032	3,546	33,578	172	0.5%	
Harford	7,275	11,370	204,387	1,483	2,116	226,630	30,174	256,804	-424	-0.2%	
Howard	8,369	17,416	229,779	869	1,488	257,921	60,747	318,668	8,555	2.8%	
Kent	1,221	607	9,665	83	417	11,993	1,821	13,814	-318	-2.3%	
Montgomery	29,451	47,099	637,240	2,902	3,719	720,411	166,088	886,499	15,818	1.8%	
Prince George's	67,447	27,966	1,043,229	6,965	6,131	1,151,738	106,522	1,258,261	49,539	4.1%	
Queen Anne's	1,821	1,869	34,854	144	508	39,197	6,225	45,422	508	1.1%	
St. Mary's	2,802	2,721	99,530	636	983	106,672	13,923	120,595	2,401	2.0%	
Somerset	6,646	716	29,052	277	522	37,212	2,707	39,919	643	1.6%	
Talbot	2,267	1,773	13,634	108	399	18,182	3,782	21,964	659	3.1%	
Washington	7,068	8,754	166,004	1,206	1,677	184,709	18,601	203,310	-282	-0.1%	
Wicomico	13,055	4,987	133,965	971	1,150	154,127	12,820	166,947	6,226	3.9%	
Worcester	6,298	2,093	19,813	147	429	28,781	7,066	35,847	824	2.4%	
Unallocated	31,861	6,422	48,902	16,613	0	103,797	0	103,797	-2,167	-2.0%	
Total	\$556,984	\$254,121	\$5,412,969	\$52,019	\$45,664	\$6,321,757	\$790,394	\$7,112,151	\$91,554	1.3%	

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid. The budget adopted by the General Assembly provided for 100% funding of the Geographic Cost of Education Index (GCEI) in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in fiscal 2016 at 50% of full funding. Chapter 477 of 2015 mandates full funding of GCEI beginning in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

Exhibit 4.4 (Continued)
State Aid to Local Governments
Fiscal 2015 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$13,677	\$6,113	\$76,562	\$744	\$1,051	\$98,146	\$9,504	\$107,650
Anne Arundel	33,041	30,990	330,046	2,101	3,507	399,685	67,586	467,271
Baltimore City	257,257	0	913,587	6,053	7,449	1,184,345	72,437	1,256,783
Baltimore	21,213	41,218	594,571	5,327	4,812	667,141	95,543	762,684
Calvert	3,355	2,480	81,890	385	426	88,536	15,114	103,650
Caroline	4,513	1,622	48,598	270	597	55,600	4,685	60,285
Carroll	5,000	8,114	134,546	902	1,371	149,934	23,042	172,976
Cecil	6,950	5,845	101,099	719	899	115,511	13,998	129,508
Charles	3,990	8,420	161,772	920	1,109	176,211	23,567	199,778
Dorchester	4,229	1,214	37,745	252	488	43,929	3,910	47,839
Frederick	7,857	9,869	232,973	1,334	1,685	253,718	35,184	288,902
Garrett	4,351	3,755	20,980	114	495	29,694	3,711	33,405
Harford	6,768	11,211	203,118	1,450	1,936	224,482	32,745	257,228
Howard	7,893	16,404	222,848	838	1,359	249,341	60,772	310,113
Kent	1,122	584	9,927	81	383	12,095	2,037	14,133
Montgomery	28,146	45,919	624,983	2,813	3,388	705,249	165,432	870,681
Prince George's	64,890	26,868	1,002,865	6,759	5,599	1,106,981	101,741	1,208,722
Queen Anne's	1,678	1,883	34,674	138	465	38,838	6,077	44,915
St. Mary's	2,528	2,788	97,276	612	900	104,104	14,091	118,195
Somerset	6,502	728	28,578	268	479	36,555	2,721	39,276
Talbot	2,090	1,751	13,066	107	365	17,379	3,926	21,305
Washington	6,647	8,704	166,274	1,172	1,536	184,333	19,259	203,592
Wicomico	12,026	4,999	128,704	943	1,053	147,725	12,997	160,721
Worcester	5,503	2,076	19,588	144	393	27,705	7,318	35,023
Unallocated	25,771	6,679	57,191	16,323	0	105,964	0	105,964
Total	\$536,994	\$250,233	\$5,343,461	\$50,769	\$41,743	\$6,223,201	\$797,396	\$7,020,597

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

Exhibit 4.4 (Continued)
State Aid to Local Governments
Dollar Difference Between Fiscal 2016 Legislative Appropriation and Fiscal 2015 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$322	\$89	\$1,331	\$8	\$95	\$1,845	-\$321	\$1,524
Anne Arundel	748	-297	9,624	37	330	10,442	1,234	11,676
Baltimore City	-1,547	0	-25,545	43	700	-26,349	-4,460	-30,809
Baltimore	3,422	301	26,077	219	458	30,477	-2,182	28,295
Calvert	443	16	-2,178	24	41	-1,654	-223	-1,877
Caroline	217	53	1,595	9	54	1,928	29	1,957
Carroll	398	196	-3,377	27	127	-2,630	-1,276	-3,906
Cecil	401	135	-575	20	83	65	-223	-157
Charles	272	126	635	46	104	1,183	-503	680
Dorchester	165	34	2,368	11	44	2,622	-74	2,548
Frederick	678	57	-1,251	27	157	-333	-199	-532
Garrett	451	-23	-158	24	45	338	-165	172
Harford	507	159	1,269	33	180	2,148	-2,572	-424
Howard	476	1,012	6,932	31	129	8,580	-25	8,555
Kent	100	24	-262	2	34	-102	-216	-318
Montgomery	1,305	1,180	12,258	88	331	15,162	656	15,818
Prince George's	2,557	1,098	40,364	206	532	44,757	4,782	49,539
Queen Anne's	143	-14	180	6	43	359	148	508
St. Mary's	274	-67	2,254	23	83	2,568	-167	2,401
Somerset	144	-13	473	9	43	657	-14	643
Talbot	178	22	568	2	34	803	-144	659
Washington	422	50	-270	34	141	377	-659	-282
Wicomico	1,029	-12	5,261	28	97	6,402	-176	6,226
Worcester	794	17	225	3	36	1,076	-252	824
Unallocated	6,090	-257	-8,289	290	0	-2,167	0	-2,167
Total	\$19,989	\$3,888	\$69,508	\$1,249	\$3,921	\$98,556	-\$7,002	\$91,554

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

Exhibit 4.4 (Continued)
State Aid to Local Governments
Percent Change: Fiscal 2016 Legislative Appropriation over Fiscal 2015 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	2.4%	1.5%	1.7%	1.1%	9.0%	1.9%	-3.4%	1.4%
Anne Arundel	2.3%	-1.0%	2.9%	1.8%	9.4%	2.6%	1.8%	2.5%
Baltimore City	-0.6%	n/a	-2.8%	0.7%	9.4%	-2.2%	-6.2%	-2.5%
Baltimore	16.1%	0.7%	4.4%	4.1%	9.5%	4.6%	-2.3%	3.7%
Calvert	13.2%	0.7%	-2.7%	6.3%	9.6%	-1.9%	-1.5%	-1.8%
Caroline	4.8%	3.3%	3.3%	3.2%	9.1%	3.5%	0.6%	3.2%
Carroll	8.0%	2.4%	-2.5%	3.0%	9.3%	-1.8%	-5.5%	-2.3%
Cecil	5.8%	2.3%	-0.6%	2.8%	9.3%	0.1%	-1.6%	-0.1%
Charles	6.8%	1.5%	0.4%	5.0%	9.3%	0.7%	-2.1%	0.3%
Dorchester	3.9%	2.8%	6.3%	4.3%	9.1%	6.0%	-1.9%	5.3%
Frederick	8.6%	0.6%	-0.5%	2.0%	9.3%	-0.1%	-0.6%	-0.2%
Garrett	10.4%	-0.6%	-0.8%	21.0%	9.0%	1.1%	-4.5%	0.5%
Harford	7.5%	1.4%	0.6%	2.3%	9.3%	1.0%	-7.9%	-0.2%
Howard	6.0%	6.2%	3.1%	3.7%	9.5%	3.4%	0.0%	2.8%
Kent	8.9%	4.1%	-2.6%	2.3%	9.0%	-0.8%	-10.6%	-2.3%
Montgomery	4.6%	2.6%	2.0%	3.1%	9.8%	2.1%	0.4%	1.8%
Prince George's	3.9%	4.1%	4.0%	3.1%	9.5%	4.0%	4.7%	4.1%
Queen Anne's	8.5%	-0.7%	0.5%	4.6%	9.2%	0.9%	2.4%	1.1%
St. Mary's	10.8%	-2.4%	2.3%	3.8%	9.2%	2.5%	-1.2%	2.0%
Somerset	2.2%	-1.7%	1.7%	3.4%	9.1%	1.8%	-0.5%	1.6%
Talbot	8.5%	1.3%	4.3%	1.5%	9.2%	4.6%	-3.7%	3.1%
Washington	6.3%	0.6%	-0.2%	2.9%	9.2%	0.2%	-3.4%	-0.1%
Wicomico	8.6%	-0.2%	4.1%	3.0%	9.2%	4.3%	-1.4%	3.9%
Worcester	14.4%	0.8%	1.2%	2.0%	9.2%	3.9%	-3.4%	2.4%
Unallocated	23.6%	-3.8%	-14.5%	1.8%	n/a	-2.0%	n/a	-2.0%
Total	3.7%	1.6%	1.3%	2.5%	9.4%	1.6%	-0.9%	1.3%

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

Exhibit 4.5
Total State Aid to Local Governments

<u>Program</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Difference</u>
Foundation Aid	\$2,882,444,201	\$2,947,082,596	\$64,638,395
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index*	132,684,798	68,100,237	-64,584,561
Net Taxable Income Education Grant	26,860,206	23,821,408	-3,038,798
Foundation – Special Grants	593,055	86,321	-506,734
Compensatory Education	1,251,675,638	1,305,132,944	53,457,306
Student Transportation – Regular	234,187,692	241,419,924	7,232,232
Student Transportation – Special Education	24,192,000	24,827,000	635,000
Special Education – Formula	271,702,888	275,997,329	4,294,441
Special Education – Nonpublic Placements	110,917,897	122,617,896	11,699,999
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	197,658,807	217,180,270	19,521,463
Guaranteed Tax Base	59,390,154	53,762,142	-5,628,012
Aging Schools	6,108,990	6,109,000	10
Teacher Development Grants	23,504,000	10,104,000	-13,400,000
Adult Education	8,433,623	8,433,623	0
Food Service	11,236,664	11,236,663	-1
Out-of-county Foster Placements	2,380,998	3,000,000	619,002
Head Start	1,800,000	1,800,000	0
Prekindergarten Expansion Program	4,300,000	4,300,000	0
SEED School	10,146,460	10,285,467	139,007
Judy Hoyer Centers	10,575,000	10,575,000	0
Other Programs	15,658,277	10,088,000	-5,570,277
Total Primary and Secondary Education	\$5,343,460,535	\$5,412,969,007	\$69,508,472
Library Formula	\$34,446,211	\$35,405,976	\$959,765
Library Network	16,323,271	16,612,968	289,697
Total Libraries	\$50,769,482	\$52,018,944	\$1,249,462
Community College Formula	\$219,538,747	\$222,744,619	\$3,205,872
Grants for ESOL Programs	5,516,744	5,624,759	108,015
Optional Retirement	14,301,000	14,730,000	429,000
Small College Grants	4,197,901	4,599,774	401,873
Other Community College Aid	6,678,830	6,421,697	-257,133
Total Community Colleges	\$250,233,222	\$254,120,849	\$3,887,627

<u>Program</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Difference</u>
Highway User Revenue	\$169,686,146	\$169,304,256	-\$381,890
Elderly and Handicapped Transportation Aid	4,305,938	4,305,938	0
Paratransit	2,926,702	2,926,702	0
Municipal Transportation Grant	16,000,001	19,000,000	2,999,999
Special Transportation Grants	0	6,000,000	6,000,000
Total Transportation	\$192,918,787	\$201,536,896	\$8,618,109
Police Aid	\$67,278,127	\$67,277,066	-\$1,061
Fire and Rescue Aid	11,700,001	13,400,000	1,699,999
Vehicle Theft Prevention	1,860,000	1,869,160	9,160
9-1-1 Grants	14,400,000	14,400,000	0
Community Policing	1,974,000	1,974,000	0
Foot Patrol/Drug Enforcement Grants	4,228,210	4,228,210	0
Law Enforcement Training Grants	50,000	50,000	0
Stop Gun Violence Grants	928,478	928,478	0
Violent Crime Grants	4,750,714	4,750,714	0
State's Attorney Grants	3,959,195	3,959,195	0
Domestic Violence Grants	196,354	196,354	0
War Room/Sex Offender Grants	1,445,313	1,445,313	0
Safe Streets Program	2,830,352	2,830,352	0
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	49,088	49,088	0
Total Public Safety	\$116,199,832	\$117,907,930	\$1,708,098
Program Open Space	\$26,446,000	\$23,453,501	-\$2,992,499
Critical Area Grants	243,900	244,900	1,000
Wastewater Treatment – Nutrient Removal	2,561,750	5,000,000	2,438,250
Total Recreation/Environment	\$29,251,650	\$28,698,401	-\$553,249
Local Health Formula	\$41,743,209	\$45,663,904	\$3,920,695
Disparity Grant	\$127,738,286	\$129,819,872	\$2,081,586
Horse Racing Impact Aid	\$73,000	\$0	-\$73,000
Payments in Lieu of Taxes	1,575,678	3,799,880	2,224,202
Video Lottery Terminal Impact Aid	36,841,812	38,876,974	2,035,162
Instant Bingo	1,019,846	1,291,926	272,080
Senior Citizens Activities Center	500,000	500,000	0
Statewide Voting Systems	3,216,943	6,893,299	3,676,356
Teachers Retirement Supplemental Grants	27,658,662	27,658,662	0
Total Other Direct Aid	\$70,885,941	\$79,020,741	\$8,134,800
Total Direct Aid	\$6,223,200,944	\$6,321,756,544	\$98,555,600

<u>Program</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Difference</u>
Retirement – Teachers	\$738,575,043	\$729,277,480	-\$9,297,563
Retirement – Libraries	18,528,258	19,108,560	580,302
Retirement – Community Colleges	40,292,677	42,008,280	1,715,603
Total Payments-in-behalf	\$797,395,978	\$790,394,320	-\$7,001,658
Total State Aid	\$7,020,596,922	\$7,112,150,864	\$91,553,942

ESOL: English for Speakers of Other Languages

* The budget adopted by the General Assembly provided for 100% funding of the Geographic Cost of Education Index (GCEI) in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. Chapter 477 of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

Primary and Secondary Education

Foundation Program: The Foundation program is the basic State education funding mechanism for public schools, which ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. Under the Governor's proposed budget, the per pupil foundation amount was to be held at its fiscal 2015 level of \$6,860 for fiscal 2016 and, in fiscal 2017 through 2020, the limit on annual inflation for the target per pupil foundation amount was to be reduced from 5.0% to 1.0%. Instead, the budget does not alter inflation in the per pupil foundation amount for fiscal 2016, and the General Assembly did not reduce the limit on annual inflationary increases. This results in a per pupil amount of \$6,954, a 1.4% increase over fiscal 2015, which is well below the 5.0% cap on the annual growth in the per pupil foundation amount. The student enrollment count used for the program totals 842,229 students. Enrollment for the formula is based on the September 30, 2014, full-time equivalent student enrollment count. Less affluent local school systems, as measured by assessable base and NTI, receive relatively more aid per pupil than wealthier school systems. The State provides funding for roughly 50.0% of the program's cost. State aid under the Foundation program will total \$2.9 billion in fiscal 2016, a \$64.6 million, or 2.2%, increase from the prior year.

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

Net Taxable Income Grants: Pursuant to Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using an NTI amount for each county based on tax returns filed by September 1 and once using an NTI amount based on

tax returns filed by November 1. Each local school system then receives the higher State aid amount resulting from the two calculations. As discussed above, the scheduled phase-in of the grants is delayed by one year beginning in fiscal 2016. Fiscal 2016 funding totals \$23.8 million, a \$3.0 million, or 11.3% decline compared to fiscal 2015.

Geographic Cost of Education Index: This discretionary formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. Funding for the GCEI formula was provided in fiscal 2009 for the first time. As discussed above, the budget adopted by the General Assembly provided for 100% funding of GCEI in fiscal 2016. However, in May 2015 the Governor announced that he is exercising his authority to set GCEI funding in 2016 at 50% of full funding. Accordingly, 13 local school systems receive a total of \$68.1 million in fiscal 2016 from the GCEI formula, a decrease of \$64.6 million compared to fiscal 2015. Chapter 477 of 2015 mandates full funding of GCEI in fiscal 2017 if GCEI is not 100% funded in fiscal 2016.

Compensatory Education Program: The Compensatory Education Program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97.0% of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced-price meals (FRPM). The State share of program cost is 50.0%, with the State paying no less than 40.0% of the funding for each local school system. State aid under the Compensatory Education Program will total \$1.3 billion in fiscal 2016, representing a \$53.5 million, or 4.3%, increase over the prior year due to a 3.0% increase in the student enrollment count and a 1.4% increase in per pupil funding. The student enrollment count used for the program totals 371,142.

House Bill 965 (Chapter 291) alters the enrollment count used to calculate compensatory aid in fiscal 2017 and 2018 for local boards of education that participate in the U.S. Department of Agriculture Community Eligibility Provision, thus mitigating the potential loss of FRPM count and, therefore, compensatory aid for participating counties. The Maryland State Department of Education must report on the impact of the bill on State aid provided to local school systems.

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

The special education formula is calculated based on 74.0% of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. The State share of program cost is 50.0% statewide with a floor of 40.0% for each local school system. The student enrollment count used for the program totals 103,253. State formula funding for public special education programs will total \$276.0 million in fiscal 2016, representing a \$4.3 million, or a 1.6% increase over the prior year. Funding for nonpublic placements totals \$122.6 million in fiscal 2016, an increase of \$11.7 million. A local school system pays its

respective local share of the basic cost of education for each nonpublic placement plus two times the total basic cost of education in the system, as well as 30.0% of any expense above that sum. The State pays 70.0% of the costs above the base local funding.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a \$1,000 per student grant for transporting disabled students. The fiscal 2016 State budget includes \$241.4 million for regular transportation services and \$24.8 million for special transportation services. This represents a \$7.9 million, or 3%, increase from the prior year.

Limited English Proficiency: The State provides grants based on non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99.0% of the annual per pupil foundation amount, with the State providing funding for 50.0% of the program's cost. State funding for the program will total \$217.2 million in fiscal 2016, representing a \$19.5 million, or 9.9%, increase over the prior year. The number of LEP students totals 60,704 for the 2014-2015 school year.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80% of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant is based on local support for education relative to local wealth. The grant cannot exceed 20% of the per pupil foundation amount. Nine local school systems will qualify for grants totaling \$53.8 million in fiscal 2016.

Aging Schools Program: The Aging Schools Program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. The BRFA of 2011 authorized mandated funding to be provided in the operating or capital budget. State funding for the Aging Schools Program will total \$6.1 million in fiscal 2016.

Judy Hoyer and Head Start Programs: These programs provide financial support for the establishment of centers that provide full-day, comprehensive, early education programs, and family support services that will assist in preparing children to enter school ready to learn. The programs also provide funding to support childhood educators and statewide implementation of an early childhood assessment system. The fiscal 2016 State budget includes \$10.6 million for Judy Hoyer programs and \$1.8 million for Head Start programs.

Teacher Development: The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. The fiscal 2016 State budget includes \$9.5 million

for quality teacher incentives. For reasons discussed above, this amounts to a \$13.4 million decrease compared to fiscal 2015 funding. The fiscal 2016 State budget also includes \$96,000 for the Governor's Teacher Excellence Award Program which distributes awards to teachers for outstanding performance and \$600,000 for teacher quality and national board certification grants.

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced-price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. The fiscal 2016 State budget includes \$11.2 million for food and nutrition services, level with fiscal 2015 funding.

Infants and Toddlers Program: This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children until the beginning of the school year following a child's fourth birthday. State funding for infants and toddlers programs will total \$10.4 million in fiscal 2016, the same annual amount that has been provided since fiscal 2009.

Adult Education: The State provides funding for adult education services, including classes on basic skills in reading, writing, and math, or learning to speak and understand the English language. Grants also assist adults to prepare to earn a high school diploma through the general education development tests or the National External Diploma Program. The State budget includes \$8.4 million for adult education programs in fiscal 2016, level with fiscal 2015 funding.

School-based Health Centers: The fiscal 2016 State budget includes \$2.6 million for school-based health centers, which provide primary medical care as well as social, mental health, and health education services for students and their families. This amount reflects level funding since fiscal 2012.

Healthy Families/Home Visits Program: The Healthy Families Program aims to promote positive parenting to enhance child health and development to prevent child abuse and neglect through home visits prenatally through early childhood. The program had been funded through federal Temporary Assistance for Needy Families funds; however, beginning in fiscal 2012 general funds are used. Fiscal 2016 funding remains level at \$4.6 million.

Science and Mathematics Education Initiative: This program includes summer sessions for teachers and an equipment incentive fund to strengthen science and math education. The State budget includes \$2 million for this initiative in fiscal 2016, a decrease of \$621,000 compared to fiscal 2015 funding.

Prekindergarten Expansion: The Prekindergarten Expansion Act of 2014, expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget includes \$4.3 million for the grant program in fiscal 2016, level with fiscal 2015 funding.

Teachers' Retirement Payments: The BRFA of 2011 reduced costs for teachers' retirement in fiscal 2012 through the restructuring of the State's pension system. It also required local boards of education to pay a share of the administrative costs for the State Retirement Agency. The BRFA of 2012 (Chapter 1 of the first special session) phased in school board payments of the annual normal cost over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. The BRFA of 2014, reduced the mandated State retirement supplemental contribution and, therefore, State retirement aid on behalf of local government employees, including teachers. As discussed above, the BRFA of 2015 further reduces supplemental contributions, and thus State retirement aid. Fiscal 2016 funding totals \$729.3 million, a decrease of \$9.3 million, compared to fiscal 2015.

Local Libraries

Minimum Per Capita Library Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. The per resident amount was set at \$14.00 for fiscal 2012 through 2015, phasing up to \$16.70 by fiscal 2019 and in subsequent years. Instead, under the BRFA of 2015 the per capita amount is reduced from \$15.00 to \$14.27 in fiscal 2016, and is fully phased in at \$16.70 in fiscal 2025. Fiscal 2016 funding totals \$35.4 million, a \$1.0 million increase compared to fiscal 2015.

State Library Network: The State provides funds to libraries designated as resource centers, including the State Library Resource Center in Baltimore City, and to regional resource centers, including the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. Participating regional resource centers must receive a minimum amount of funding for each resident of the area served to be used for operating and capital expenses.

The BRFA of 2011, Chapter 397, set State Library Resource Center funding at \$1.67 per resident for fiscal 2012 through 2016, before a phase-in to \$1.85 in 2019 and in subsequent years. The BRFA of 2015 extends the phase-in to fiscal 2025. Under Chapter 500 of 2014, per resident funding for regional resource centers was set to increase to \$7.50 in fiscal 2016 and phase up to \$8.75 per resident by fiscal 2019. However, the BRFA of 2015 extends the phase-in of the increase in the per capita funding amount to a 10-year phase-in period beginning with a per resident amount of \$6.95 in fiscal 2016, thus reducing fiscal 2016 funding by \$526,100 compared to the prior statutory level. Fiscal 2016 State library network funding totals \$16.6 million, an increase of \$289,700 over fiscal 2015.

Retirement Payments: As discussed above, the BRFA of 2015 decreased State supplemental retirement payments and, therefore, State retirement aid on behalf of local government employees, including local library employees. Fiscal 2016 funding totals \$19.1 million, an increase of \$580,300 over fiscal 2015.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage of the current year's State aid to selected four-year public higher education institutions and the total number of full-time equivalent students (FTES) at the community colleges. The total is then distributed to each college based on the previous year's direct grant, enrollment, and a small-size factor. Chapter 333 of 2006 began a phased enhancement of the Cade formula that has been adjusted frequently by budget reconciliation legislation. The most recent alteration reducing funding levels was enacted in the BRFA of 2012, which set a State funding floor per FTES for fiscal 2014 through 2017 and reduced formula funding levels for fiscal 2018 through 2022. The BRFA of 2014 altered the funding percentages in statute to increase support for community colleges sooner. In January 2015, for cost containment, the Board of Public Works (BPW) reduced the Cade formula by \$6.6 million (and the Small Community College grant program by \$228,400). The reduction to the Cade formula was reached by cutting in half the annual growth of all State support to community colleges. Fiscal 2016 funding totals \$222.7 million, an increase of \$3.2 million over fiscal 2015 funding.

Special Programs: State funding in fiscal 2016 will total \$4.0 million for the small college grants and \$0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total \$6.4 million. The English as a Second Language Program will receive \$5.6 million.

Retirement Payments: As discussed above, the BRFA of 2015 decreased State supplemental retirement payments, and therefore State retirement aid on behalf of local government employees, including community college employees. Fiscal 2016 funding totals \$42.0 million, an increase of \$1.7 million over fiscal 2015. In addition, State funding for the optional retirement program will total \$14.7 million in fiscal 2016.

Local Health Departments

The State provides funds to support the delivery of public health services in each of Maryland's 24 jurisdictions. These services include child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments. Due to declining State revenues, the fiscal 2010 appropriation for grants to local health departments was reduced from \$57.4 million to \$37.3 million by BPW in August 2009. The BRFA of 2010 maintained the base appropriation for the targeted local health formula for fiscal 2011 and 2012 at \$37.3 million and provided for increases to the program in fiscal 2013. The formula adjustment combines an inflation factor with a population growth factor. The BRFA of 2014, clarified that the local health funding formula inflationary adjustments are made to the prior year's formula allocation rather than to the \$37.3 million base funding level. In January 2015, BPW reduced funding by \$5.9 million resulting in level funding with the fiscal 2014 amount of \$41.7 million. Although the Governor's proposed budget reduced health department aid by \$7.8 million to level fund the aid, the General Assembly restored half of this proposed reduction. The fiscal 2016 budget includes \$45.7 million, or \$3.9 million above the prior year amount.

County and Municipal Governments

Highway User Revenues: The State shares various transportation revenues, commonly referred to as highway user revenues (HUR), with the counties and municipalities. Allocations to counties and municipalities are based on the percentage of road miles and vehicle registrations within each local jurisdiction. In fiscal 2016, \$135.8 million (7.7% of HUR) is distributed to Baltimore City; \$26.5 million (1.5%) is distributed to counties; and \$7.1 million (0.4%) is distributed to municipalities, for a total of \$169.3 million. **Senate Bill 591** and **House Bill 484 (both failed)** and **Senate Bill 181 (failed)** would have provided a total of 30.0% of HUR to local governments.

Other Transportation Aid: The BRFA of 2013 (Chapter 425) included \$15.4 million in fiscal 2014 to fund transportation grants to municipal governments, allocated in a manner consistent with the HUR formula. In addition, county governments received \$10.0 million in fiscal 2014 for the purpose of pothole repairs. The fiscal 2015 State budget funded the municipal transportation grants for a second year at \$16.0 million. As discussed above, the fiscal 2016 budget includes \$25.0 million for transportation grants to Baltimore City, counties, and municipalities. State funding for elderly/disabled transportation grants will total \$4.3 million in fiscal 2016, while State funding for paratransit grants will total \$2.9 million; level with fiscal 2015 for both programs.

Police Aid Formula: Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30% of the State crime laboratory costs relating to evidence-testing services from each county's formula allocation. As a cost containment measure, police aid was capped at \$45.4 million from fiscal 2010 to 2013. The formula was fully funded in fiscal 2014 at \$67.3 million. BPW reduced police formula aid by approximately \$600,000 in January 2015, resulting in level funding with fiscal 2014. The BRFA of 2015 affirms this decision for fiscal 2015 and reduces fiscal 2016 funding by \$3.7 million resulting in virtually level funding at \$67.3 million for an additional year.

Targeted Public Safety Grants: State funding for targeted public safety grants will total \$14.2 million in fiscal 2016. These grants include violent crime grants for Baltimore City and Prince George's County, police foot patrol and community policing grants for Baltimore City, a drug enforcement grant for Prince George's County, S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, Baltimore City war room, sex offender and compliance enforcement, and the body armor grants. Also, \$2.5 million is provided in fiscal 2016 to the Baltimore City State's Attorney Office to assist in the prosecution of gun offenses and repeat violent offenders, and \$1.5 million will be provided to support the Community Prosecution, Special Investigations, and Collateral Offender units of the Prince George's County State's Attorney Office. Also, Safe Streets Program funding totals \$2.8 million.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund and from inspection fees collected for salvaged vehicle verification. State funding for this program will total \$1.9 million in fiscal 2016.

Fire, Rescue, and Ambulance Services: The State provides formula grants through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The program supports the purchase of fire and rescue equipment and capital building improvements and is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). Chapter 429 of 2013 increased the annual vehicle registration fee surcharge from \$13.50 to \$17.00, with the additional fees credited to MEMSOF. Revenues from the surcharge increase will, in part, be used to support increased appropriations to the Amoss Fund. The legislation expressed the intent that the annual appropriation to the fund will be \$11.7 million in fiscal 2015, \$13.3 million in fiscal 2016, and \$15.0 million in fiscal 2017. Fiscal 2016 funding totals \$13.4 million.

9-1-1 Emergency Systems Grants: The State imposes a 25-cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties may only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems will total \$14.4 million in fiscal 2016, level with fiscal 2015 funding.

Program Open Space: This program was established in 1969 to expedite the acquisition of outdoor recreation and open space, before property cost and development made it impossible, and to accelerate the development of outdoor recreation facilities. In fiscal 2016, Program Open Space (POS) formula funding totals \$22.0 million. In addition, Baltimore City will receive \$1.5 million in special POS funding.

Maryland Forest Service and Maryland Park Service – Payments in Lieu of Taxes: Each county in which any State forest or park is located annually receives 15% of the net revenues derived from the forest or park located in that county, including concession operations. If the forest or park reserve comprises 10% or more of its total land area, the county annually receives 25% of the net revenues derived from the reserve. The original intent of the county payments was to offset the loss in property taxes to counties in which the State owned a significant amount of acreage. The BRFA of 2009 prohibited the Department of Natural Resources (DNR) from making revenue sharing payments to counties from park earnings for fiscal 2010 and 2011. The BRFA of 2011 prohibited DNR from making revenue sharing payments to counties from park earnings for fiscal 2012 and 2013. The BRFA of 2015 prohibits DNR from making revenue sharing payments to counties from non-timber or concession operations park earnings in fiscal 2015, thus reducing aid to local governments by \$1.7 million in fiscal 2015. In fiscal 2016, Forest Service payments to local governments total \$182,200 and Park Service payments total \$2.5 million.

Wastewater Treatment – Nutrient Removal Program: The Maryland Department of the Environment provides grants to local governments to assist with operation and maintenance costs associated with enhanced nutrient removal at wastewater treatment facilities. The grant program is funded at \$5.0 million in fiscal 2016.

Video Lottery Terminal Local Impact Grants: From the proceeds generated by video lottery terminals (VLTs) at video lottery facilities in the State, 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18.0% would go for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George’s County for the community surrounding Rosecroft (\$1.0 million annually), except that the 18.0% dedication does not apply to Allegany, Cecil, and Worcester county facilities upon issuance of the Baltimore City license. Furthermore, under the BRFA of 2014, for fiscal 2015 through 2019, \$500,000 of the 18.0% dedication is distributed to communities within three miles of Laurel Race Course, resulting in \$89,300 for Howard County, an additional \$357,100 for Anne Arundel County, and \$53,600 for the City of Laurel in each of these five fiscal years. Upon issuance of a Prince George’s County license, 5.0% of table game revenues will be distributed to local jurisdictions where a video lottery facility is located. VLT local impact grants total \$38.9 million in fiscal 2016, an increase of \$2.0 million or 5.5%.

Disparity Grants: Disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which is the third largest revenue source for counties after State aid and property taxes. Through fiscal 2011, counties with per capita local income tax revenues less than 75.0% of the State’s average received grants. Aid received by a county equaled the dollar amount necessary to raise the county’s per capita income tax revenues to 75.0% of the State average. The BRFA of 2009 (Chapter 487) included a provision, beginning in fiscal 2011 that capped each county’s funding under the program at the fiscal 2010 level. The BRFA of 2013 (Chapter 425) modified the formula to add a minimum grant amount based on local tax effort of eligible counties and increased from 2.4% to 2.6% the local income tax rate required to be eligible to receive a grant. In January 2015, BPW reduced fiscal 2015 disparity grant funding by \$8.0 million, making funding level with fiscal 2014 at \$127.7 million. Disparity grant funding totals \$129.8 million in fiscal 2016.

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

Summary of State Mandates	
Finances and Taxes	2
Indigent Legal Representation	1
M-NCPPC	1
Public Safety/Law Enforcement	3
Public Schools	1
Workers' Compensation	2
WSSC	1
Total	11

***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 133	Environment – Bay Restoration Fund – Use of Funds (Ch. 153)	Potential reallocation of grant revenues.	No
SB 183	Education – Geographic Cost of Education – Requirement (Ch. 477)	Potential increase in State aid beginning in FY 2017.	No
SB 225	Higher Education – Unaccompanied Homeless Youth Tuition Exemption – Modification (Ch. 333)	Community college tuition revenues.	No
SB 335/HB 847	Community Colleges – Victims of Human Trafficking – Exemption From Out-of-County and Out-of-Region Fees (Ch. 340/Ch. 341)	Potential minimal decrease in community college tuition revenues.	No
SB 374	Maryland False Claims Act (Ch. 165)	Potential revenues from civil penalties and damages awarded.	No
SB 409/HB 449	Environment – Hydraulic Fracturing – Regulations (Ch. 480/Ch. 481)	Potential decrease in tax revenues for Allegany and Garrett counties.	No
SB 490	Capital Grant Program for Local School Systems With Significant Enrollment Growth or Relocatable Classrooms (Ch. 355)	Certain counties share \$20 million annually in additional State matching funds for school construction.	No
SB 540	Municipalities – Parking Authorities (Ch. 181)	Potential municipal parking fee and bond revenues.	No
SB 549	Criminal Law – Identity Fraud – Name of the Individual (Ch. 361)	Minimal penalty revenues.	No
SB 592	Income Tax – Subtraction Modification – Military Retirement Income – Individuals at Least 65 Years Old (Ch. 125)	Income tax revenues decrease by approximately \$2 million annually.	No
SB 595	Public Charter School Improvement Act of 2015 (Ch. 311)	Potential withholding of State funding.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 601	African American Heritage Preservation Program – Reestablishment and Revisions (Ch. 371)	Potential grant revenues.	No
SB 641	Public Health – Substance Abuse Treatment Outcomes Partnership Fund (Ch. 45)	Potential significant grant revenues for certain counties.	No
SB 651	Criminal Procedure – Expungement – Conviction of a Crime That Is No Longer a Crime (Ch. 374)	Minimal filing fee revenues.	No
SB 673	Alcoholic Beverages – Brewing Company Off-Site Permit and Nonprofit Beer Festival Permit (Ch. 192)	Minimal permit fee revenues.	No
SB 694	Income Tax Credit – Oyster Shell Recycling – Credit Amount (Ch. 193)	Potential minimal decrease in local highway user revenues through FY 2018.	No
SB 763	Tax Amnesty Program (Ch. 50)	Net local revenues increase by \$3.2 million in FY 2016 and by \$0.9 million in FY 2017. Net local revenues decrease by \$0.2 million annually in FY 2018 through FY 2020.	No
SB 766	Agricultural Land Transfer Tax – Rate Determination (Ch. 197)	Minimal decrease in agricultural land transfer tax revenues.	No
SB 796	Public Health – Maryland AIDS Drug Assistance Program – Expansion of Eligibility and Services – Pharmaceutical Rebate Coverage (Ch. 384)	Potential program funding.	No
SB 863	Watershed Protection and Restoration Programs – Revisions (Ch. 124)	Potential impact on fee and other revenues.	No
SB 868	Public Utilities – Transportation Network Services and For-Hire Transportation (Ch. 204)	Potential assessment revenues.	No
SB 905	Income Tax – Film Production Activity Tax Credit (Ch. 486)	Local highway user revenues likely decrease beginning in FY 2017.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 72	Budget Reconciliation and Financing Act of 2015 (Ch. 489)	<p>Direct State aid for public schools decreases by \$25.3 million in FY 2016 and by a total of \$132.9 million over the course of FY 2016-2020.</p> <p>Direct State aid for community colleges decreases by \$9.0 million in FY 2016.</p> <p>Direct State aid for local libraries decreases by \$1.8 million in FY 2016 and by a total of \$16.9 million over the course of FY 2016-2020.</p> <p>State aid for library regional resource centers decreases by \$0.5 million in FY 2016 and by a total of \$4.8 million over the course of FY 2016-2020.</p> <p>\$8.2 million in Program Open Space (POS) local share is transferred to the general fund in FY 2015, but is replaced with general obligation bonds in the FY 2016 capital budget. \$12.9 million in POS local share is transferred to the general fund in FY 2016.</p> <p>Payments in lieu of taxes made from park earnings decrease by \$1.7 million in FY 2015.</p> <p>Grants for police aid decrease by \$3.7 million in FY 2016.</p> <p>Tax revenues decrease by \$43.0 million annually beginning in FY 2016, in addition to \$201.6 million in potential refunds and interest for prior tax years dating back to tax year 2006.</p>	No
HB 110	Creation of a State Debt – Qualified Zone Academy Bonds (Ch. 401)	Revenues for public school renovation and repair increase by a maximum of \$4.6 million in FY 2016.	No
HB 187	Cecil County and Queen Anne’s County – Intergovernmental Cooperation and Acceptance of Funds (Ch. 228)	Potential grant or gift revenues.	No
HB 201	Vehicle Laws – Special Registration Plates and Parking Placards for Individuals With Disabilities – Licensed Physical Therapists (Ch. 76)	Potential minimal decrease in parking revenues.	No
HB 304	Criminal Procedure – Expungement of Records (Ch. 314)	Potential significant filing fee revenues.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 367	Public Health – Maryland Behavioral Health Crisis Response System (Ch. 416)	Potential increase in State funding for local core service agencies.	No
HB 449/SB 409	See entry for SB 409.		No
HB 473	Tax Credits – Employment of Individuals With Disabilities (Ch. 423)	Local highway user revenues decrease by \$500 annually.	No
HB 485	Election Law – Fair Campaign Financing Fund – Income Tax Checkoff (Ch. 312)	Penalty and fee revenues decrease by \$44,000 in FY 2016 and by varying amounts annually thereafter.	No
HB 489	Electronic Cigarettes – Sale to Minors – Components, Supplies, and Enforcement (Ch. 425)	Potential minimal civil penalty revenues.	No
HB 497	Property Tax – Exemption – Low Income Housing – Ownership by Limited Liability Company (Ch. 253)	Decrease in property tax revenues, at least partially offset by payment in lieu of taxes agreements.	No
HB 562	Health Insurance – Ambulance Service Providers – Direct Reimbursement – Repeal of Termination Date (Ch. 434)	Increased reimbursement revenues for certain jurisdictions continue beyond FY 2015.	No
HB 624	Estates and Trusts – Funeral Expenses Allowance – Modified Administration (Ch. 443)	Potential minimal decrease in local tax revenues.	No
HB 756	Alcoholic Beverages – Charles County and Queen Anne’s County (Ch. 273)	Minimal permit fee revenues.	No
HB 847/SB 335	See entry for SB 335.		No
HB 965	The Hunger-Free Schools Act of 2015 (Ch. 291)	Potential minimal impact on State aid in FY 2017 and FY 2018.	No
HB 1178	Recordation and Transfer Taxes – Exemption – Purchase Money Mortgage or Purchase Money Deed of Trust (Ch. 301)	Minimal decrease in recordation and transfer tax revenues beginning in FY 2015.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting Local Governments by Subdivision			
<i>Allegany County</i>			
HB 515	Alcoholic Beverages – Allegany County – Class B-MB (Micro-Brewery/Restaurant) License (Ch. 255)	Minimal license fee revenues.	No
<i>Baltimore City</i>			
SB 541	Baltimore City – Property Tax Credit – Supermarkets (Ch. 38)	Potential decrease in property tax revenues beginning in FY 2017.	No
SB 818	Alcoholic Beverages – Baltimore City – Transfer or Issuance of Licenses (Ch. 54)	Minimal license fee revenues.	No
SB 921/HB 868	Baltimore City – Alcoholic Beverages – Penalties for Sales to Underage Persons (Ch. 391/Ch. 392)	Minimal fine revenues.	No
HB 543	Baltimore City – Housing Authority of Baltimore City – Subsidiary Entities (Ch. 258)	Decrease in property tax revenues, at least partially offset by payment in lieu of taxes agreements.	No
HB 750	Maryland Consolidated Capital Bond Loans of 2013 and 2014 – Baltimore City – Skatepark of Baltimore at Roosevelt Park (Ch. 272)	Baltimore City retains access to capital matching funds.	No
HB 868/SB 921	See entry for SB 921.		No
HB 1035	Baltimore City – Tax Sales (Ch. 114)	Potential significant decrease in tax sale revenues.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Baltimore County</i>			
SB 702	Baltimore County – Property Tax Credit – Homes Near a Refuse Disposal System (Ch. 48)	Potential decrease in property tax revenues of approximately \$267,400 annually. Environmental surcharge revenues increase correspondingly.	No
<i>Calvert County</i>			
SB 264/HB 542	Circuit Court for Calvert County – Fees for Appearance of Counsel (Ch. 478/Ch. 479)	Fee revenues increase by \$15,300 in FY 2016 and by \$20,400 annually thereafter.	No
SB 265	Calvert County – Electronic Bingo and Electronic Tip Jars – Distribution of Admissions and Amusement Tax Revenues (Ch. 334)	Admissions and amusement tax revenues to the Town of North Beach increase by \$50,000 annually. Reallocation of county admissions and amusement tax revenues from FY 2017 through FY 2019.	No
SB 362	Calvert County – Public Facilities Bonds (Ch. 27)	Bond revenue proceeds increase by a maximum of \$51.9 million.	No
HB 542/SB 264	See entry for SB 264.		
<i>Carroll County</i>			
SB 4	Carroll County – Gaming Events (Ch. 142)	Minimal permit fee revenues.	No
HB 296	Carroll County – Public Facilities Bonds (Ch. 84)	Bond revenue proceeds increase by a maximum of \$17.0 million.	No
<i>Charles County</i>			
HB 134	Charles County – Property Tax Credit – New or Expanding Businesses (Ch. 70)	Potential decrease in property tax revenues.	No
HB 135	Charles County – School Construction Excise Tax Rates (Ch. 491)	School construction excise tax revenues increase annually, by \$1.2 million in FY 2016 and by approximately \$2.1 million by FY 2020.	No
HB 137	Charles County – Alcoholic Beverages – License Fees (Ch. 492)	License fee revenues increase by \$33,400 annually.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Frederick County</i>			
SB 499	Frederick County – Alcoholic Beverages – Special Class C (Retirement Center) License (Ch. 177)	License fee revenues decrease by \$1,000 annually.	No
SB 502	Frederick County – Alcoholic Beverages – Multiple Event Licenses and Promoter’s License (Ch. 179)	Potential license fee revenues.	No
SB 886	Frederick County Property Tax Fairness Act of 2015 (Strengthening Frederick Municipalities) (Ch. 55)	Potential alteration of municipal property tax setoffs.	Yes
SB 902	Frederick County – Alcoholic Beverages Licenses (Ch. 205)	License fee revenues.	No
HB 37	Frederick Center for Research and Education in Science and Technology (Ch. 218)	Potential State aid.	No
HB 274	Frederick County – Gaming Events (Ch. 234)	Minimal permit fee revenues.	No
<i>Garrett County</i>			
HB 356	Department of General Services – Deep Creek Lake Buy Down Area Program – Extension (Ch. 243)	Property, transfer, and recordation tax revenues.	No
<i>Harford County</i>			
SB 299	Harford County – Alcoholic Beverages – Refillable Wine Container Permits (Ch. 158)	Minimal permit fee revenues.	No
SB 443	Harford County – Charitable Gaming (Ch. 173)	Minimal license fee revenues.	No
HB 399	Harford County – Alcoholic Beverages – Class DBR License (Ch. 89)	Minimal license fee revenues.	No
HB 845	Harford County – Alcoholic Beverages – Class B Cafe Licenses (Ch. 107)	Minimal license fee revenues.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Howard County</i>			
HB 424	Howard County – Alcoholic Beverages – Special Event – Education Permits Ho. Co. 05-15 (Ch. 90)	Minimal permit fee revenues.	No
HB 425	Howard County – Casino Events – Authorized Ho. Co. 7-15 (Ch. 246)	Minimal permit fee revenues.	No
<i>Kent County</i>			
HB 877	Kent County – Alcoholic Beverages – Class B Wine Shop and Lounge License (Ch. 285)	Minimal license fee revenues.	No
<i>Montgomery County</i>			
SB 426	Montgomery County – Alcoholic Beverages – License Requirements (Ch. 171)	License fee revenues.	No
SB 744	Maryland Consolidated Capital Bond Loan of 2011 – Montgomery County – Water Park at Bohrer Park (Ch. 196)	The City of Gaithersburg retains access to capital matching funds.	No
HB 89	Montgomery County – Alcoholic Beverages – Class BD-BWL License MC 18-15 (Ch. 62)	Minimal license fee revenues.	No
HB 91	Montgomery County – Alcoholic Beverages Licenses – Laytonsville MC 12-15 (Ch. 63)	Minimal license fee revenues.	No
HB 95	City of Gaithersburg – Licensed Alcoholic Beverages Restaurants – Distance from Churches or Other Places of Worship MC 23-15 (Ch. 66)	Minimal license fee revenues.	No
HB 202	Montgomery County – Alcoholic Beverages – Wineries MC 21-15 (Ch. 77)	Minimal license fee revenues.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 316	Montgomery County – Alcoholic Beverages – Licenses in Takoma Park MC 29-15 (Ch. 85)	Potential minimal license fee revenues.	No
<i>Prince George’s County</i>			
SB 423	Alcoholic Beverages – Towne Centre at Laurel – Class A License (Ch. 31)	License fee revenues decrease by \$2,100 annually.	No
SB 689	Prince George’s County – Transfer Tax – Deputy Sheriffs (Ch. 47)	Transfer tax revenues decrease.	Yes
HB 598	Prince George’s County – Raffles – Charitable Foundations PG 301-15 (Ch. 99)	Minimal permit fee revenues.	No
HB 617	Prince George’s County – Alcoholic Beverages – Licenses, Salaries, Inspectors, and Bottle Clubs PG 307-15 (Ch. 264)	Potential license fee revenues.	No
HB 705	Prince George’s County – Alcoholic Beverages – Penalties PG 304-15 (Ch. 101)	Potential significant impact on fine revenues.	No
HB 931	Alcoholic Beverages – Prince George’s County – Seven Day Sales PG 318-15 (Ch. 111)	Permit fee revenues increase by approximately \$308,200 in FY 2016 and by a minimum of \$210,700 annually thereafter.	No
<i>Somerset County</i>			
SB 906	Somerset County – Alcoholic Beverages – Selling Near Schools, Places of Worship, Public Libraries, and Youth Centers (Ch. 206)	Potential minimal license fee revenues.	No
SB 928	Somerset County Sanitary Commission – Enforcement of Liens – Tax Sale Authorization (Ch. 212)	Potential significant tax sale revenues.	No

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Washington County</i>			
SB 634	Washington County – Liquor Tasting License (Ch. 186)	Minimal license fee revenues.	No
SB 925	Washington County – Property Tax Credit – Economic Development Projects (Ch. 211)	Potential decrease in property tax revenues.	No
HB 835	Alcoholic Beverages – Washington County – Refillable Container Permit (Ch. 105)	Minimal permit fee revenues.	No
<i>Worcester County</i>			
SB 38	Worcester County – Alcoholic Beverages – Class C Licenses – Clubs (Ch. 144)	Minimal license fee revenues.	No

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting All/Multiple Local Jurisdictions			
SB 133	Environment – Bay Restoration Fund – Use of Funds (Ch. 153)	Expenditures are affected correspondingly with any reallocation of grant revenues.	No
SB 364	Alternate Contributory Pension Selection – Return to Employment (Ch. 163)	Minimal pension costs.	No
SB 374	Maryland False Claims Act (Ch. 165)	Potential circuit court and legal personnel costs.	No
SB 413	Vehicle Laws – Race-Based Traffic Stops – Policy and Reporting Requirements (Ch. 127)	Minimal data collection and reporting costs through FY 2020.	Yes
SB 416/HB 838	Health Insurance – Coverage for Infertility Services (Ch. 482/Ch. 483)	Potential employee health care costs.	No
SB 490	Capital Grant Program for Local School Systems With Significant Enrollment Growth or Relocatable Classrooms (Ch. 355)	Matching grant expenditures for certain counties.	No
SB 540	Municipalities – Parking Authorities (Ch. 181)	Potential debt service expenditures.	No
SB 546/HB 368	Civil Actions – Immunity From Liability – Emergency Medical Care for Drug Overdose (Ch. 359/Ch. 360)	Potential minimal decrease in expenditures relating to liability claims.	No
SB 549	Criminal Law – Identity Fraud – Name of the Individual (Ch. 361)	Minimal incarceration costs.	No
SB 599	Public Health – Expedited Partner Therapy for Chlamydia and Gonorrhea (Ch. 183)	Potential minimal program costs.	No
SB 635	State Board of Education and the Professional Standards and Teacher Education Board – Alternative Teacher Certification Program (Ch. 187)	Potential program expenditures.	No

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 641	Public Health – Substance Abuse Treatment Outcomes Partnership Fund (Ch. 45)	Potential matching grant expenditures for certain counties.	No
SB 651	Criminal Procedure – Expungement – Conviction of a Crime That Is No Longer a Crime (Ch. 374)	Potential significant law enforcement agency costs.	No
SB 796	Public Health – Maryland AIDS Drug Assistance Program – Expansion of Eligibility and Services – Pharmaceutical Rebate Coverage (Ch. 384)	Potential program expenditures.	No
SB 863	Watershed Protection and Restoration Programs – Revisions (Ch. 124)	Potential impact on stormwater management costs.	No
SB 868	Public Utilities – Transportation Network Services and For-Hire Transportation (Ch. 204)	Transportation expenditures increase correspondingly with any assessment revenues.	No
HB 72	Budget Reconciliation and Financing Act of 2015 (Ch. 489)	Potential significant attorney compensation expenditures in FY 2016. Baltimore City Public Schools expenditures decrease by \$20.0 million in FY 2016.	Yes
HB 113	Local Government Tort Claims Act – Notice Requirements and Limits on Liability (Ch. 131)	Potential significant expenditures relating to liability claims.	No
HB 120	Criminal Procedure – Failure to Appear – Rescheduling (Ch. 402)	Potential decrease in incarceration costs.	No
HB 187	Cecil County and Queen Anne’s County – Intergovernmental Cooperation and Acceptance of Funds (Ch. 228)	Potential decrease in county services expenditures.	No
HB 244	Maryland Second Chance Act of 2015 (Ch. 313)	Minimal law enforcement agency costs.	No
HB 284	Election Law – Local Petitions – Advance Determination of Sufficiency of Local Law or Charter Amendment Summary (Ch. 82)	Potential minimal legal costs.	No

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 304	Criminal Procedure – Expungement of Records (Ch. 314)	Potential significant circuit court and law enforcement agency costs.	No
HB 323	Maryland Building Performance Standards – Modifications – Energy Codes (Ch. 239)	Potential training costs.	No
HB 367	Public Health – Maryland Behavioral Health Crisis Response System (Ch. 416)	Potential increase in local core service agency expenditures to the extent additional funding is provided by the State.	No
HB 368/SB 546	See entry for SB 546.		No
HB 509	Environment – Statute of Limitations – Administrative Penalties (Ch. 254)	Potential decrease in penalty assessments.	No
HB 535	Blind or Visually Impaired Children – Individualized Education Programs – Orientation and Mobility Instruction (Ch. 430)	Potential significant school personnel costs.	Yes
HB 552	Health Insurance – Medical Stop-Loss Insurance – Small Employers (Ch. 494)	Potential employee health care costs for certain municipalities.	No
HB 562	Health Insurance – Ambulance Service Providers – Direct Reimbursement – Repeal of Termination Date (Ch. 434)	Reduced administrative costs for certain jurisdictions continue beyond FY 2015.	No
HB 585	Maryland-National Capital Park and Planning Commission – Regulations to Prohibit Smoking MC/PG 109-15 (Ch. 438)	M-NCPPC expenditures increase by \$20,000 in FY 2016.	Yes
HB 838/SB 416	See entry for SB 416.		No
HB 1080	9-1-1 Emergency Telephone System – Multiple-Line Telephone Systems – Direct Dial (Kari’s Law) (Ch. 116)	Potential telephone system reprogramming costs.	Yes
HB 1234	Washington Suburban Sanitary Commission – Customer Assistance Program MC/PG 107-15 (Ch. 474)	Significant program funding.	Yes

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting Local Governments by Subdivision			
<i>Anne Arundel County</i>			
SB 135	Workers' Compensation – Heart Disease and Hypertension Presumption – Anne Arundel County Detention Officers (Ch. 324)	Potential significant workers' compensation costs.	Yes
<i>Baltimore City</i>			
SB 321	Baltimore City and Baltimore County – Police Behavioral Health Units – Pilot Program (Ch. 126)	Potential program implementation costs through FY 2019.	Yes
SB 882	Baltimore City Civilian Review Board (Ch. 130)	Potential board expenditures.	No
HB 1035	Baltimore City – Tax Sales (Ch. 114)	Potential significant debt service expenditures.	No
<i>Baltimore County</i>			
SB 331	Workers' Compensation – Baltimore County Deputy Sheriff (Ch. 339)	Potential significant workers' compensation costs.	Yes
SB 466	Baltimore County – Education – Junior Reserve Officer Training Corps Instructors (Ch. 352)	Compensation costs increase by approximately \$100,000 annually.	No
<i>Calvert County</i>			
SB 230	Calvert County – Length of Service Award Program – Recipient Benefits (Ch. 154)	Service award payments increase by \$101,000 annually.	No
SB 362	Calvert County – Public Facilities Bonds (Ch. 27)	Debt service expenditures increase by \$4.0 million annually over a 15-year period and by \$65,400 annually over a 25-year period.	No

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Carroll County</i>			
SB 726	Employees' Pension System – Town of Sykesville – Service Credit (Ch. 195)	Potential pension costs (Town of Sykesville).	No
HB 296	Carroll County – Public Facilities Bonds (Ch. 84)	Debt service expenditures increase by \$1.1 million annually over a 20-year period.	No
<i>Charles County</i>			
HB 135	Charles County – School Construction Excise Tax Rates (Ch. 491)	School construction expenditures may increase commensurately to additional tax revenues.	No
<i>Frederick County</i>			
SB 886	Frederick County Property Tax Fairness Act of 2015 (Strengthening Frederick Municipalities) (Ch. 55)	Potential alteration of municipal property tax setoffs.	Yes
SB 902	Frederick County – Alcoholic Beverages Licenses (Ch. 205)	Minimal administrative costs offset by fee revenues.	No
HB 37	Frederick Center for Research and Education in Science and Technology (Ch. 218)	Potential significant expenditures to support the new center may be partially offset by State aid.	No
<i>Harford County</i>			
HB 329	Harford County – Alcoholic Beverages – Inspectors (Ch. 87)	Potential personnel costs.	No
<i>Howard County</i>			
HB 145	Howard County – Appointed Alcoholic Beverage Hearing Board – Compensation Ho. Co. 6-15 (Ch. 72)	Potential board compensation costs.	No
HB 425	Howard County – Casino Events – Authorized Ho. Co. 7-15 (Ch. 246)	Potential minimal administrative and enforcement costs.	No

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Kent County</i>			
HB 864	Kent County – Board of Elections – Membership (Ch. 109)	Board compensation costs increase minimally in FY 2015 and by \$3,600 annually thereafter.	No
<i>Montgomery County</i>			
SB 426	Montgomery County – Alcoholic Beverages – License Requirements (Ch. 171)	Minimal administrative costs offset by fee revenues.	No
HB 510	Montgomery County – Education – School Bus – Doors That Lock MC 27-15 (Ch. 427)	Potential decrease in school transportation costs beginning in FY 2017.	No
<i>Prince George’s County</i>			
HB 935	Prince George’s County – Tax Sales – Foreclosure for Abandoned Property PG 410-15 (Ch. 289)	Potential minimal decrease in property maintenance costs.	No
<i>Somerset County</i>			
SB 928	Somerset County Sanitary Commission – Enforcement of Liens – Tax Sale Authorization (Ch. 212)	Potential minimal property maintenance costs. Minimal personnel costs potentially offset by tax sale revenues.	No
<i>Washington County</i>			
HB 793	Washington County – County Clerk (Ch. 276)	Bond renewal expenditures decrease by \$100 annually.	No

Chapter 5. Vetoed Legislation

Vetoed Legislation

The Governor vetoed the following legislation for policy reasons. The fiscal impact of the legislation is described below.

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| SB 190 | <p>Sales and Use Tax – Taxable Price – Accommodations</p> <p><i>General fund revenues may have increased due to collection of additional sales and use tax.</i></p> |
| SB 340/HB 980 | <p>Election Law – Voting Rights – Ex-Felons</p> <p><i>Special fund expenditures would have increased by \$10,000 in FY 2015 to revise and reprint Motor Vehicle Administration forms containing voter registration qualifications.</i></p> |
| SB 517 | <p>Criminal Law – Use and Possession of Marijuana and Drug Paraphernalia</p> <p><i>State (general fund) revenues and expenditures and local revenues and expenditures would have decreased due to the repeal of criminal monetary and incarceration penalties.</i></p> |
| SB 528 | <p>Criminal Procedure – Seizure and Forfeiture</p> <p><i>State (general fund) revenues and local revenues may have decreased due to reduced collection of forfeiture proceeds.</i></p> |
| HB 209 | <p>Howard County – Room Rental Tax – Room Rental Fee Ho. Co. 12-15</p> <p><i>Howard County revenues were expected to increase due to collection of additional hotel rental tax.</i></p> |

The Governor also line item vetoed a project in the capital budget bill.

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| HB 71 (Line Item) | <p>Creation of a State Debt – Maryland Consolidated Capital Bond Loan of 2015, and the Maryland Consolidated Capital Bond Loans of 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014</p> <p><i>Line item veto of \$2 million grant to the Board of Directors of Maryland Hall for the Creative Arts, Inc.</i></p> |
|-------------------|--|