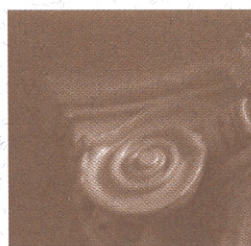


# EFFECT OF THE 2004 LEGISLATIVE PROGRAM ON THE FINANCIAL CONDITION OF THE STATE



DEPARTMENT OF LEGISLATIVE SERVICES 2004





MARYLAND GENERAL ASSEMBLY  
DEPARTMENT OF LEGISLATIVE SERVICES  
90 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1991

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# **Effect of the 2004 Legislative Program on the Financial Condition of the State**

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

**June 2004**

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June 2004

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

After each session of the General Assembly, the Department of Legislative Services is required by law to prepare a report summarizing the fiscal effect on State and local governments of that year's legislative program (State Government Article, Section 2-1237). In accordance with this requirement, I am pleased to submit the following report, *Effect of the 2004 Legislative Program on the Financial Condition of the State*.

This document is divided into five chapters.

**Chapter One** highlights the major components of the fiscal 2005 operating budget (SB 125/Chapter 429).

**Chapter Two** summarizes the fiscal 2005 capital budget and the State's capital program (SB 191/Chapter 432).

**Chapter Three** identifies enacted legislation from the 2004 session that has an impact on State revenues or expenditures. The revenue and expenditure effects of the legislation are summarized, as are the number of regular and contractual positions required by the legislation.

**Chapter Four** identifies enacted legislation from the 2004 session that has a fiscal impact on local governments. This chapter also identifies State mandates on units of local government and provides an overview of State aid to local governments.

**Chapter Five** provides a listing of all bills passed by the 2004 General Assembly but vetoed by the Governor for policy reasons. The fiscal implications of those bills are also noted.

Further information on issues considered during the 2004 session can be found in *The 90 Day Report – A Review of the 2004 Legislative Session*, issued annually by the Department of Legislative Services following adjournment of the General Assembly.

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
The Honorable Members of the Maryland General Assembly  
June 2004  
Page 2

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

Respectfully submitted,

Karl S. Aro  
Executive Director

KSA/ml

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## Abbreviations

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|        |   |                            |
|--------|---|----------------------------|
| BOND   | – | Bond                       |
| BRE    | – | Board of Revenue Estimates |
| Ch.    | – | Chapter                    |
| FF     | – | Federal Fund               |
| FY     | – | Fiscal Year                |
| GF     | – | General Fund               |
| GO     | – | General Obligation         |
| HB     | – | House Bill                 |
| HE     | – | Higher Education           |
| NB     | – | Nonbudgeted                |
| PGO GF | – | PAYGO General Fund         |
| SB     | – | Senate Bill                |
| SF     | – | Special Fund               |
| ( )    | – | Indicates Decrease         |





## Fiscal Effects of the 2004 Legislative Program

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Enacted legislation that had a quantifiable effect (budgeted and nonbudgeted) on the general fund resulted in an overall positive impact of \$405.1 million for fiscal 2005 (revenue increase of \$381.4 million and expenditure decrease of \$23.7 million). The table below summarizes the quantifiable general fund impact for the next five years of all enacted legislation from the 2004 session.

|                                | <b>FY 2005</b> | <b>FY 2006*</b> | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
|--------------------------------|----------------|-----------------|----------------|----------------|----------------|
| <b>GF Revenues</b>             | \$381,375,429  | \$120,035,539   | \$105,118,816  | \$114,292,859  | \$129,695,809  |
| <b>GF Expenditures</b>         | (\$23,720,575) | \$139,791,012   | \$103,896,044  | \$123,073,311  | \$109,925,167  |
| <b>Net General Fund Impact</b> | \$405,096,004  | (\$19,755,473)  | \$1,222,772    | (\$8,780,452)  | \$19,770,642   |

\*Includes a revenue decrease of \$225,000 and an expenditure increase of \$1,075,461 resulting from legislation with no impact in fiscal 2005.

Legislation enacted from the 2004 session resulted in a nonbudgeted general fund revenue decrease in fiscal 2005 of \$6.4 million and a nonbudgeted general fund expenditure increase of \$17.6 million. Overall, this creates a negative impact of \$24.0 million on the State's general fund. The fiscal impact of legislation enacted from the 2004 session that was not included in the fiscal 2005 budget is set forth below.

|                     | <b>General Funds</b> | <b>Special Funds</b> | <b>Federal Funds</b> |
|---------------------|----------------------|----------------------|----------------------|
| <b>Revenues</b>     | (\$6,365,941)        | \$209,964,743        | \$0                  |
| <b>Expenditures</b> | \$17,587,464         | \$6,051,979          | (\$1,614,030)        |
| <b>Net Impact</b>   | (\$23,953,405)       | \$203,912,764        | \$1,614,030          |

Enacted legislation also created a need for 80.8 new regular State positions for fiscal 2005, 11 of which are funded in the fiscal 2005 State budget. If approved, 46.3 (57 percent) of the new positions, would be supported with general funds. Special funds would support 32.5 positions (40 percent), and higher education funds would support the remaining 2 new positions (3 percent). In addition, 4.8 new contractual positions are required for fiscal 2005. In fiscal 2006, up to 15.5 additional regular positions will be necessary due to enacted legislation from the 2004 session, bringing the two-year total to 94.3 new regular positions. No additional contractual positions are required for fiscal 2006.

The impact of legislation affecting State revenues will be considered by the Board of Revenue Estimates when the fiscal 2005 revenue estimates are revised in December 2004. Enacted legislation requiring increased expenditures may result in deficiency appropriations being requested by the Governor at the 2005 session or agencies absorbing the costs within their existing appropriations. Bills resulting in nonbudgeted fiscal 2005 expenditure reductions may enable the State to realize greater reversions at the end of the fiscal year. Legislation requiring additional special fund or federal fund expenditures was offset in some instances by special fund or federal fund revenues. These bills could be implemented through the budget amendment process.

The analysis of fiscal effects excludes the impact of bills for which estimates cannot be quantified. Although the bills do not contribute to the totals shown in the report, each bill with an indeterminate impact is listed in Chapter 3 with an indication of whether it is expected to have a positive or negative impact on the budget. Estimates are based on the assumptions stated in the fiscal notes and on implementation of the legislation during fiscal 2005.

# **Chapter One – Operating Budget**

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- Budget in Brief
- Framing the Session
- Governor's Spending Plan as Introduced
- Legislative Consideration of the Budget
- Outlook for Future Budgets
- Budget-related Legislation
- The Budget Reconciliation and Financing Act of 2004
- By the Numbers





## **Background**

Efforts to balance the budget over the past several years largely centered on a combination of budget reductions, one-time fund transfers, imposition of short-term revenue increases, and to a lesser extent ongoing revenue enhancements. These efforts ensured balance on a cash basis but failed to address the underlying problem. Legislation to permit video lottery terminals at horse racing facilities, a key component of the Governor's plan to fund education aid and address the structured budget deficit, failed at the 2003 session.

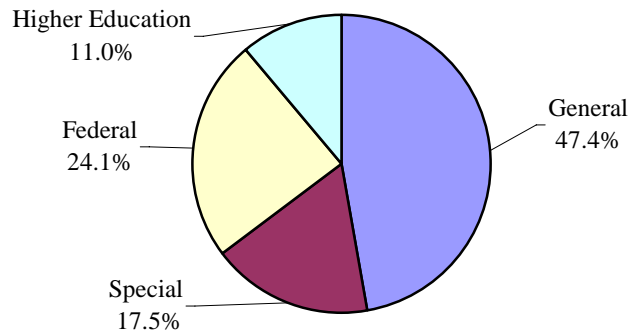
## **Budget in Brief**

In January 2004 Governor Ehrlich introduced a fiscal 2005 spending plan that again relied upon one-time revenues, limited ongoing revenues, and contingent budget reductions. The Administration's vision for approaching fiscal equilibrium in subsequent years again relied upon the introduction of video lottery terminals, a position later endorsed by passage through the Senate.

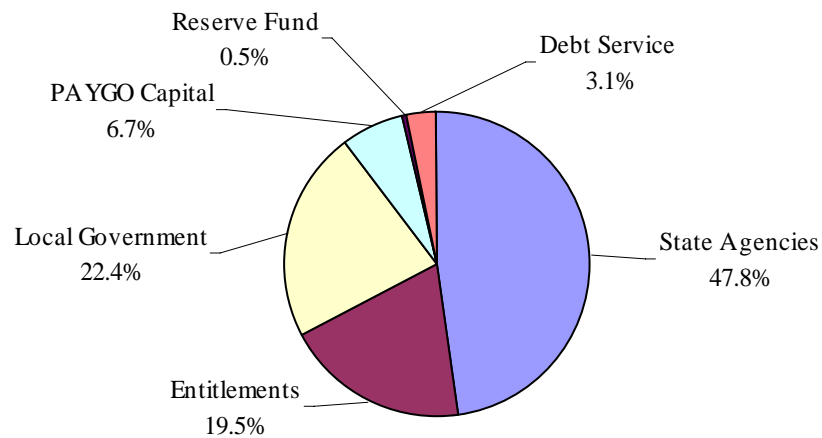
The House of Delegates developed an alternative concept built around a package of revenue enhancements offset by property tax relief and expansion of the refundable earned income tax credit. Both the House tax and Senate gambling measures ultimately failed after prolonged consideration, delaying passage of the operating and capital budgets, as well as budget reconciliation and revenue legislation to the last day of the session.

As enacted, the Budget Bill, **SB 125/Chapter 429**, provides \$23.6 billion in appropriations for fiscal 2005, an increase of \$710.1 million (3.1 percent) over fiscal 2004. **Exhibit 1.1** illustrates funding by type of revenue. Slightly less than one-half of the budget is supported by general funds, with lesser proportions supported by dedicated special funds, federal aid, and higher education dollars. State agency operations constitute the largest area of spending, representing 47.8 percent of the total budget. Aid to local governments accounts for 22.4 percent of the budget, and 19.5 percent supports entitlement programs. Remaining appropriations fund PAYGO capital spending, pay debt service on State general obligation bonds, and set aside funds in accounts of the State's Reserve Fund.

**Exhibit 1.1**  
**Maryland's \$23.6 Billion Budget**  
**Where It Comes from: Budget by Fund Source**



**Where It Goes: Budget by Purpose**



General fund spending grows \$887.3 million, or 8.6 percent above the fiscal 2004 level. Ongoing spending rises 7.7 percent when appropriations to the State Reserve Fund and for PAYGO capital are excluded. General fund budget growth is driven mostly by spending on entitlements and aid to local jurisdictions, which grow 11.2 percent and 8.5 percent respectively. State aid increases primarily due to Chapter 288 of 2002, the Bridge to Excellence in Public Schools Act, which mandates substantial annual increases in education aid through fiscal 2008. Entitlement spending is driven mostly by the Medicaid program and reflects the substitution of general funds for one-time federal and special funds received in fiscal 2004. Within State agencies, another \$90 million is provided to substitute for one-time federal aid that was received in fiscal 2004 and used to fund the Department of State Police budget. Funding for a number of small enhancements was included for need-based scholarships, a second phase of personnel to reduce public defender caseloads, juvenile justice programs, and substance abuse treatment.

Higher education fund appropriations increase by \$118.9 million, or 4.8 percent, in fiscal 2005. Most of this additional spending reflects tuition and other revenue growth. Federal and special fund appropriations both decrease in the budget. Special funds decrease by \$133.4 million, or 3.1 percent, due largely to project cash flow in the transportation capital program. Federal funds decline \$162.7 million, or 2.8 percent, due again to transportation capital cash flow but also due to the one-time federal aid that was received in fiscal 2004 that artificially boosted the appropriation.

Actions related to State personnel provide for a \$752 per employee general salary increase, salary increments, selected position reclassifications, and more generally for fringe benefit cost increases. A position cap was again adopted for fiscal 2005, with the modification that it now only applies to non-higher education positions in the Executive Branch. The cap was set at 52,834 regular authorized positions, which will require the abolition of another 351 positions by the Governor by June 15, 2004. Funding for the employee deferred compensation match program was again deleted from the budget as a cost savings measure.

## **Framing the Session**

### **What Is Past Is Prologue**

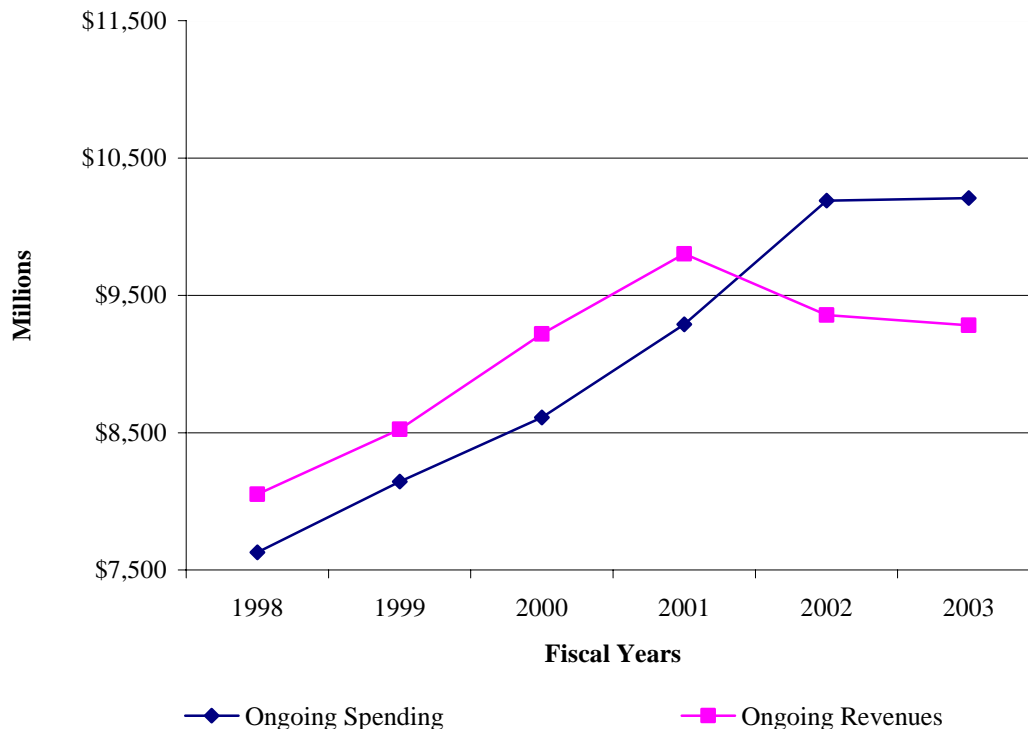
The circumstances facing the General Assembly in 2004 were shaped by events and actions that were set in motion as early as 2001, as general fund revenues fell during the economic downturn that began in March 2001 and were exacerbated by terrorist action in September 2001. Legislation enacted in 2002 established annual funding mandates for local education aid but contained a “trigger” provision that had to be acted upon in 2004.

### **Revenue Decline**

As indicated in **Exhibit 1.2**, actual ongoing general fund revenue attainment fell 5 percent in fiscal 2002 and another 1 percent in 2003. Although efforts were undertaken to

reduce spending, appropriations were not reduced to the level that revenues had fallen. So, even though economic activity has improved recently the growth is from a lower base.

**Exhibit 1.2**  
**Ongoing Revenue and Expenditure Trends**  
**Fiscal 1998 – 2003**



### **Bridge to Excellence in Public Schools Act Developments**

Chapter 288 of 2002 mandated significant increases in primary and secondary education aid. The legislation required roughly 10 percent annual increases in education aid, which were expected to result in increased expenditures of \$1.3 billion by fiscal 2008. First year funding was provided by an increase in the cigarette tax, but revenue to fully fund complete implementation was not provided.

A provision in the bill stipulated that full funding would remain in effect only if the legislature affirmed its affordability by joint resolution during the 2004 session. Otherwise, lesser increases of about 5 percent annually would go into effect. On July 2, 2003, the Attorney General issued an opinion that the joint resolution “trigger” could be an unconstitutional



legislative veto. This new wrinkle complicated consideration of the “trigger” issue during the session.

## **2003 Interim Activity**

Significant federal and State actions during the 2003 interim impacted the general fund balance and required subsequent adjustments by the executive to ensure balance. The cumulative effect of vetoed legislation, one-time federal aid, budget reductions, revenue revisions, and the recommendations of the Spending Affordability Committee served to frame the 2004 session and the decisions required by the legislature.

## **Corporate/Health Maintenance Organizations Tax Veto**

House Bill 753, passed during the 2003 session, would have contributed \$135 million toward the general fund balance through changes in State corporate income tax law (principally to address use of Delaware Holding Companies), imposition of a 10 percent corporate income tax surcharge for three years, and application of the 2 percent insurance premium tax to health maintenance organizations and Medicaid managed care organizations. The Governor vetoed the legislation in May 2003, creating a roughly \$100 million hole in the fiscal 2004 projected general fund end-of-year balance.

## **One-time Federal Funds**

In May 2003 the President signed the Jobs and Growth Tax Relief Reconciliation Act of 2003 into law, which implemented certain federal tax cuts over a 10-year period but also provided the states with one-time fiscal assistance. Maryland received approximately \$350 million distributed between fiscal 2003 (\$123 million) and 2004 (\$127 million). This was comprised of general aid (\$90 million each year) that was used to supplant general funds in the State Police budget each year and increased reimbursements for the Medicaid program. This unexpected aid more than offset the revenue loss due to the veto of House Bill 753 and was the primary reason the State ended fiscal 2003 with a \$122.7 million general fund balance.

## **Reductions to the Fiscal 2004 Budget**

By June 2003 the Administration began exploring options for reducing the budget as an incremental step toward reducing the long-term structural deficit. Provisions in the State Finance and Procurement Article permit the Governor to reduce certain appropriations by up to 25 percent. Based on an interpretation of budget bill language pertaining to the allotment of funds, the Administration placed \$655.1 million of agency general fund appropriations in contingency reserve. On July 30, 2003, the Governor proposed and the Board of Public Works

(BPW) adopted \$208.2 million in reductions (\$204.3 million general funds and \$3.9 million in special funds) to the fiscal 2004 appropriation, with the intent of reducing the long-term structural deficit. The reductions included the abolition of 82.5 filled and 879.58 vacant regular positions. The savings were achieved by curbing government services, substituting federal and special funds for general funds, reducing the bureaucracy, cutting grants to higher education institutions and local governments, and shifting costs to providers through rate reductions and program recipients through fees. Separated employees were granted four weeks of leave with pay and an additional 90 days of State paid health insurance. The remaining portions of funds held in reserve were released by the Governor in late August 2003.

## **Economic Ups and Downs**

Throughout the year the economy showed improvement, driven largely by consumer spending. Low interest rates helped to fuel the real estate market and mortgage refinancing. While increased productivity during the recovery resulted in job losses nationally, employment in Maryland grew. Even the stock market showed positive gains, with occasional fits and starts over the lingering occupation in Iraq and fears of terrorism. The Board of Revenue Estimates (BRE) revised its fiscal 2004 general fund estimate downward by \$91 million due to tempered estimates of personal and corporate income tax receipts and lower than expected lottery sales. The BRE estimate for fiscal 2005 revenue projected 4.5 percent growth. Despite the good economic news, it is important to remember that revenue growth was projected from a lower base because of the sharp drop in revenue beginning in fiscal 2002.

## **Spending Affordability Committee Recommendations**

The Spending Affordability Committee prepared its final report to the Governor in December 2003, which included a number of recommendations pertaining to the operating budget. These included:

### **Spending Limit and Sustainability**

The committee recommended limiting growth on a spending affordability basis to 4.37 percent over spending approved at the 2003 session, with the intent that the fiscal 2005 budget be developed in the context of out-year sustainability. To this end, the committee recommended that the imbalance between ongoing revenues and ongoing expenditures be resolved by fiscal 2006.

## **Personnel**

The committee recommended continuation of a ceiling of 74,100 regular positions in the Executive Branch that had been initially placed on the fiscal 2004 budget. It was further recommended that any new positions should be limited to those needed for public safety, homeland security, new facilities, and workload increases and essential services at 24-hour operated facilities, offset by abolitions elsewhere in the budget.

## **State Reserve Fund**

Wishing to ensure that the State maintain a 5 percent reserve in the Rainy Day Fund, the committee cautioned that all other cash balances and options be exhausted prior to tapping reserve balances. To the extent reserves were to be used, the committee directed that a realistic plan to achieve structural balance between ongoing revenues and spending by fiscal 2006 would need to be submitted by the Governor.

## **Governor's Commission on the Structure and Efficiency of State Government**

By executive order the Governor appointed a commission to examine independent agencies and commissions. The commission was chaired by former Governor Marvin Mandel. A final report, issued on December 8, 2003, included 54 recommendations on various agencies and programs. Most of the major recommendations for change included those which suggested the merger or transfer of all or parts of existing agencies, or changes in scope or organization of coordinating bodies.

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

Governor Ehrlich's spending plan submitted during the 2004 session included a combination of actions designed to ensure balance in fiscal 2004 and 2005. This included the budget bill, three budget reconciliation bills, and legislation to address corporate income tax compliance. The original fiscal 2005 budget totaled \$23.9 billion, exclusive of reversions and \$222 million in contingent reductions dependent on provisions in the budget reconciliation legislation. Based on these assumptions, the closing fiscal 2005 general fund balance was estimated at \$1.7 million.

As introduced the budget package was \$32.8 million above the 4.37 percent growth rate recommended by the Spending Affordability Committee, for a growth rate of 4.6 percent as measured under the spending affordability process. It also included 78 new positions above the recommended limit.

## **Reserve Fund and Prior Year One-time Revenue**

In compliance with statutory provisions the allowance included an appropriation of \$112.7 million to the Rainy Day Fund, representing the unappropriated fiscal 2003 general fund surplus in excess of \$10.0 million. Of this amount, the budget assumes the use of \$91.0 million from the Rainy Day Fund for a net increase to the account of \$21.7 million.

Balance in the fiscal 2004 and 2005 budgets is also built, in part, upon one-time funding transfers of \$375.9 million in fiscal 2004 and \$128.3 million in fiscal 2005 authorized by the Budget Reconciliation and Financing Act of 2003. The majority of these transfers come from the Transportation Trust Fund (TTF), the transfer tax, and a portion of the local share of highway user revenues.

## **Additional Revenue, Transfer, Reversion, and Contingent Appropriation Assumptions**

The Governor assumed additional revenues beyond those estimated by BRE. This included \$9.4 million for fiscal 2004 and an additional \$179.5 million for fiscal 2005 also based largely on contingent revenue increases proposed in separate legislation. This included \$83.6 million in prior and future year corporate income tax collections based on efforts to address the Delaware Holding Company issue, \$38.6 million based on imposition of the lowest county income tax rate for nonresidents, and \$29.0 million reflecting a proposed \$1,200 per-bed nursing home assessment among others.

Through budget reconciliation legislation the Administration also proposed a series of one-time transfers which in aggregate would provide \$257.0 million to the general fund – \$112.2 million comes from the transfer tax, including an estimated \$41.9 million in fiscal 2004 over attainment. Other large transfers include \$81 million related to the accelerated disbursement of unclaimed local taxes (with a similar amount shared with the local jurisdictions), \$51.2 million from the local share of highway user revenues, and a series of smaller transfers. Revenues and transfers are discussed in greater length later in this section under the Budget Reconciliation and Financing Act of 2004.

## **Legislative Consideration of the Budget**

The legislature's actions during the 2004 session were guided by the debate on the out-year structural deficit. The need to replenish lost revenue and to provide funding to meet the commitment made to education spending was recognized during the 2003 session, but agreement on a long-term solution was not reached. While long-term funding options were contemplated, other issues placed additional demands on the legislature's time. This included revenue revisions, supplemental budgets, cash flow deficits in the Baltimore City school system, and a

major transportation initiative, all of which commanded varying degrees of prominence in February and March 2004.

## **Revenue and Spending Changes**

### **BRE Revenue Revisions**

In March 2004, BRE revised its estimate of general fund revenues for fiscal 2004 upward by \$26.8 million and \$4.0 million for fiscal 2005. This was due largely to growth in sales tax revenue, which was influenced by federal tax cuts and rebates and rebuilding efforts following Hurricane Isabel, as well as higher than expected abandoned property receipts.

### **Supplemental Budgets No. 1 and No. 2**

In Supplemental Budget No. 1, the Governor increased general fund spending by \$11.6 million, fueled in part by \$10.1 million in unrecognized revenue from Local Management Board Funds. Spending largely centered on added services for a number of children, juvenile, and family support services. Supplemental Budget No. 2 recognized the additional \$30 million in BRE revenue revisions, offset by the loss of \$10.0 million from the failed proposal to privatize the Carter Center in DHMH. This second supplemental proposed to spend an additional \$13 million in general funds for expenses in the Department of Juvenile Services (DJS), recovery costs related to Hurricane Isabel, deficiency funds for the Transitional Emergency Medical and Housing Assistance program, and miscellaneous grants and other program funding. Combined, the two supplemental budgets increased the degree to which the budget exceeded the Spending Affordability Committee limit to \$64.1 million.

## **Legislative Budget Action**

Actions to balance the fiscal 2005 budget involved a combination of budget reductions (including reductions contingent upon enactment of budget reconciliation legislation), transfers, withdrawn appropriations, additional revenue actions, and other statutory changes through **SB 508/Chapter 430**, the Budget Reconciliation and Financing Act of 2004. Based on estimated under funding of \$150 million in the budget, the budget committees set as a goal a sufficient general fund balance to address under funded items, to provide a greater cushion for unexpected needs, or to help balance the fiscal 2006 budget.

### **Reductions**

The legislature pared the Governor's fiscal 2004 deficiency budget by just under \$1 million in general funds and reduced the fiscal 2005 allowance by \$366 million in all funds

(including all contingent reductions). The largest reduction, \$51.2 million, was made to local highway user revenues as part of the Governor's original spending plan. Cutbacks in the personnel area were related to imposition of the position ceiling and an associated reduction of \$13.0 million, deletion of \$9.0 million for the deferred compensation match, and \$4.8 for over budgeted funding for the cost-of-living adjustment. The proposed \$25 million initial payment to the TTF was deleted from the Dedicated Purpose Account due to the lack of an overarching repayment plan. Instead, a provision in **SB 508/Chapter 430** institutes a mechanism to capture unappropriated end-of-year general fund surpluses until full repayment is achieved.

Other noteworthy spending reductions totaling \$57 million, which were contingent upon enactment of **SB 508/Chapter 430**, include \$20.9 million of the final year of funding for the Teacher Salary Challenge program, \$24.6 million due to failure of a proposed Medicaid nursing home per-bed assessment, \$9.0 million from the Rainy Day Fund assuming that the balance requirement be based only on the official BRE December revenue estimate, and a one-time reduction for nonpublic special education placements based on a higher local cost share in fiscal 2005.

### **Transfers**

Final action on **SB 508/Chapter 430** resulted in total transfers of \$255.2 million in fiscal 2005. This was approximately the same amount proposed originally by the Governor, with the only exception being that proposed transfers of \$521,000 from three health boards were rejected during budget action and replaced by a \$500,000 surplus balance in the Homebuilder's Fund in the Office of the Attorney General.

### **Withdrawn Appropriations**

The legislature adopted the \$124.3 million in withdrawn fiscal 2004 appropriations for the Department of State Police, Medicaid, and school wiring lease payments as proposed by the Administration, and identified an additional \$1.8 million in overbudgeted lease payment expenses in the State Board of Elections. Via **SB 508/Chapter 430** then, a total of \$126.1 million was withdrawn.

### **Revenues**

**HB 297/Chapter 556**, an Administration bill, includes several measures designed to prevent corporations from avoiding the Maryland corporate income tax by shifting income away from the State through the use of Delaware Holding Companies and other State tax avoidance techniques. The bill takes effect July 1, 2004, and is applicable to all taxable years beginning after December 31, 2003.

Additional revenues totaling \$8.2 million in fiscal 2004 and \$112.2 million in fiscal 2005 were adopted in **SB 508/Chapter 430**. The larger measures included \$43.9 million from decoupling from various federal law changes, \$38.6 million to implement a minimum local income tax rate on nonresidents, and a one-year extension of a reduced sales tax vendor credit.

### **Underfunding**

Final action on the budget left an estimated fiscal 2005 balance of \$87 million. This provided funding for programs estimated to be under funded in the fiscal 2005 budget, including Medicaid, mental health services, foster care, special education nonpublic placements, federal fund under attainment in the Department of Human Resources (DHR), statewide employee health insurance expenses, and underbudgeted local jail per diem reimbursements.

## **Final Actions and Spending Affordability Committee Recommendations**

### **Limiting Spending Growth to 4.37 Percent and Addressing Future Sustainability**

As shown in **Exhibit 1.3**, final action by the legislature reduced the budget to a 4.33 percent rate of growth as measured on a spending affordability basis. This is \$6.4 million below the 4.37 percent recommended by the committee.

As described in the Outlook for Future Budgets, final action at the 2004 session yielded little progress toward addressing the out-year structural deficit by fiscal 2006 as recommended by the Spending Affordability Committee.

### **Personnel**

The legislature imposed a position ceiling of 52,834, which applies only to the Executive Branch (*i.e.*, excluding higher education). If higher education positions were included, this level would be slightly lower than the 74,100 level recommended by the Spending Affordability Committee. As submitted, the Governor's allowance provided funding for 78 more new positions than was recommended. Legislative action on the budget deleted 139 positions, and the position ceiling will require the abolition of another 351.4 positions – a total of 490.4.

**Exhibit 1.3**  
**Operating Budget Affordability Limit**  
(\$ in Millions)

| <b><u>Funds</u></b> | <b><u>2003<br/>Session</u></b> | <b><u>2004<br/>Session</u></b> | <b><u>\$<br/>Change</u></b> | <b><u>%<br/>Change</u></b> |
|---------------------|--------------------------------|--------------------------------|-----------------------------|----------------------------|
| General             | \$10,421.5                     | \$10,824.0                     | \$402.5                     | 3.86%                      |
| Special             | 2,679.6                        | 2,765.8                        | 86.1                        | 3.21%                      |
| Higher Education    | <u>1,433.6</u>                 | <u>1,573.7</u>                 | <u>140.1</u>                | <u>9.77%</u>               |
| <b>SAC Growth</b>   | <b>\$14,534.7</b>              | <b>\$15,163.5</b>              | <b>\$628.7</b>              | <b>4.33%</b>               |
| <b>SAC Limit</b>    | <b>\$14,534.7</b>              | <b>\$15,169.9</b>              | <b>\$635.2</b>              | <b>4.37%</b>               |
| Variance            |                                |                                | (6.4)                       | (0.04%)                    |

SAC = Spending Affordability Committee

### State Reserve Fund Use

Consistent with State law, the allowance included a \$112.7 million appropriation for the Rainy Day Fund; however, the Administration's spending plan assumed that \$91.0 million would be utilized in support of the general fund balance. A \$9.0 million reduction implemented through the Budget Reconciliation and Financing Act of 2004 to reflect use of the official BRE revenue estimate from December 2003 left the fund with a \$519.6 million balance, equivalent to 5 percent of estimated revenues and in compliance with the spending affordability recommendation.

### The Long-term – Addressing the Out-year Structural Deficit

Each chamber of the legislature adopted its own plan for addressing the long-term general fund structural deficit. **Exhibit 1.4** illustrates the major elements of each chamber's proposals on fiscal 2005 revenues. However, no major funding proposal was adopted, and the Spending Affordability Committee recommendation to address the ongoing structural shortfall by 2006 was not met.



**Exhibit 1.4**  
**Senate and House Major Revenue Proposals**  
**Fiscal 2005**

|  | <u>Senate</u>  | <u>House</u>     | <u>Final</u>   |
|--|----------------|------------------|----------------|
| <b>Sales Tax</b>   |                |                  |                |
| Increase Sales Tax Rate from 5% to 6%                            | –              | \$549.7          | –              |
| Sales Tax Base – Real Estate Prop. Management/Health Clubs       | –              | 60.7             | –              |
| Re-enact Snack Tax   | \$16.8         | –                | –              |
| Continue Reduced Vendor Discount                                 | 15.6           | 18.4             | 15.6           |
| <b>Individual Income Tax</b>                                     |                |                  |                |
| 6% Income Tax Bracket – \$150,000 Ind./\$200,000 Joint           | –              | 294.2            | –              |
| Minimum Local Income Tax Rate on Nonresidents                    | 38.6           | 38.6             | 38.6           |
| <b>Decoupling from Recent Federal Tax Changes</b>                | 47.5           | 47.5             | 47.5           |
| <b>Fees, Abandoned Property, DDA Facilities Assessment</b>       | 17.5           | 8.5              | 15.9           |
| <b>Subtotal Budget Reconciliation and Financing Act (SB 508)</b> | <b>\$135.9</b> | <b>\$1,017.5</b> | <b>\$117.5</b> |
| Corporate Income Tax – Delaware Holding Companies (HB 297)       | 36.7           | 36.7             | 36.7           |
| <b>Revenue Offsets</b>   |                |                  |                |
| Reduce State Property Tax from 13.2 cents to 5 cents             | –              | (\$348.0)        | –              |
| Expand Refundable Earned Income Tax Credit                       | –              | (4.5)            | –              |
| <b>Grand Total</b>   | <b>\$172.6</b> | <b>\$701.8</b>   | <b>\$154.2</b> |

## Outlook for Future Budgets

As shown in **Exhibit 1.5**, a potential shortfall of \$1.0 billion between revenues and current services spending is still projected for fiscal 2006. By fiscal 2009, the gap could approach \$2.1 billion. Key factors contributing to the shortfall include continued implementation of the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288) and steadily increasing Medicaid spending. Reliance on short-term revenues and one-time transfers, critical components of budget balancing efforts in fiscal 2004 and 2005, dwindles in fiscal 2006. As shown in the exhibit, the State has contingency resources in excess of \$500 million in the Rainy Day Fund that are available to mitigate the problem.

**Exhibit 1.5**  
**General Fund Budget Outlook**  
(\$ in Millions)

|   | <u>FY 2004</u>    | <u>FY 2005</u>    | <u>FY 2006</u>     | <u>FY 2007</u>     | <u>FY 2008</u>     | <u>FY 2009</u>     |
|---|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenues</b>                             |                   |                   |                    |                    |                    |                    |
| Fund Balance                                | \$122.7           | \$229.9           | \$87.4             | \$-                | \$-                | \$-                |
| Transfer from Rainy Day Fund                | -                 | 91.0              | -                  | -                  | -                  | -                  |
| 2002 and 2003 Session BRFA Transfers        | 375.9             | 384.1             | -                  | -                  | -                  | -                  |
|   | <b>\$498.6</b>    | <b>\$705.0</b>    | <b>\$87.4</b>      | <b>\$-</b>         | <b>\$-</b>         | <b>\$-</b>         |
| Operating Revenues                          | \$9,882.45        | \$10,395.11       | \$10,808.61        | \$11,244.99        | \$11,674.21        | \$12,121.24        |
| Short-term Revenues                         | 103.3             | 8.3               | 0.0                | 0.0                | 0.0                | 0.0                |
| Miscellaneous Revenue Adjustments           | -                 | 4.8               | 8.9                | 9.2                | 9.4                | 9.7                |
| Additional Revenues – Legislation           | 8.0               | 133.7             | 119.5              | 104.6              | 113.8              | 129.2              |
|   | <b>\$9,993.7</b>  | <b>\$10,541.9</b> | <b>\$10,937.1</b>  | <b>\$11,358.8</b>  | <b>\$11,797.4</b>  | <b>\$12,260.1</b>  |
| <b>Total Revenues</b>                       | <b>\$10,492.2</b> | <b>\$11,246.8</b> | <b>\$11,024.5</b>  | <b>\$11,358.8</b>  | <b>\$11,797.4</b>  | <b>\$12,260.1</b>  |
| <b>Spending</b>                             | <u>FY 2004</u>    | <u>FY 2005</u>    | <u>FY 2006</u>     | <u>FY 2007</u>     | <u>FY 2008</u>     | <u>FY 2009</u>     |
| Operating Spending                          | \$10,300.3        | \$11,126.7        | \$11,995.1         | \$12,766.2         | \$13,668.9         | \$14,278.9         |
| Additional Expenditures – Legislation       | -                 | (39.2)            | 61.7               | 87.7               | 105.0              | 93.0               |
|   | <b>\$10,300.3</b> | <b>\$11,087.6</b> | <b>\$12,056.8</b>  | <b>\$12,854.0</b>  | <b>\$13,774.0</b>  | <b>\$14,371.9</b>  |
| PAYGO Capital Appropriation to Reserve Fund | \$0.7             | \$1.2             | \$3.0              | \$3.0              | \$3.0              | \$2.0              |
| Appropriation to Transportation Trust Fund  | 10.0              | 106.7             | 11.2               | 2.9                | 1.5                | 0.5                |
|   | <b>\$10.7</b>     | <b>\$107.9</b>    | <b>\$64.2</b>      | <b>\$5.9</b>       | <b>\$4.5</b>       | <b>\$2.5</b>       |
| Reversions                                  | (\$48.6)          | (\$36.0)          | (\$35.0)           | (\$35.0)           | (\$35.0)           | (\$35.0)           |
| <b>Total Expenditures</b>                   | <b>\$10,262.3</b> | <b>\$11,159.4</b> | <b>\$12,086.0</b>  | <b>\$12,824.9</b>  | <b>\$13,743.5</b>  | <b>\$14,339.4</b>  |
| <b>Ending Balance</b>                       | <b>\$229.9</b>    | <b>\$87.4</b>     | <b>(\$1,061.5)</b> | <b>(\$1,466.1)</b> | <b>(\$1,946.0)</b> | <b>(\$2,079.3)</b> |
| <b>Revenue Stabilization Fund</b>           | <u>FY 2004</u>    | <u>FY 2005</u>    | <u>FY 2006</u>     | <u>FY 2007</u>     | <u>FY 2008</u>     | <u>FY 2009</u>     |
| Ending Balance                              | \$496.7           | \$519.6           | \$546.9            | \$568.0            | \$589.9            | \$613.0            |
| As a Percent of General Fund Revenues       | 5.0%              | 5.0%              | 5.0%               | 5.0%               | 5.0%               | 5.0%               |
| 5% of General Fund Revenues                 | \$497.2           | \$519.6           | \$546.9            | \$567.9            | \$589.9            | \$613.0            |
| Excess over 5% of General Fund Revenues     | (\$0.5)           | \$-               | \$-                | \$0.1              | \$-                | \$-                |

## Current Services

Cost increases reflect salary and fringe benefit growth (*e.g.*, increments, annual cost-of-living adjustments of about 2 percent, and health insurance) and inflation. Caseload and entitlement growth are also expected to drive future spending needs. Medicaid costs alone are expected to rise by about \$200 million per year due to medical inflation and caseload increases.

## Bridge to Excellence in Public Schools Act

Ongoing implementation of the Bridge to Excellence in Public Schools Act of 2002 is the most significant factor driving out-year expenses. If the Act is fully implemented, State spending on education aid will exceed fiscal 2005 levels by about \$400 million in fiscal 2006, \$762 million in fiscal 2007, and \$1.19 billion in fiscal 2008 when the phase-in is complete.

## Legislation

Forecasted revenues are expected to increase by \$133.2 million in fiscal 2005 due largely to **SB 508/Chapter 430**, and **HB 297/Chapter 556**. The revenue gain declines to \$119.7 million in fiscal 2006 and then fluctuates between \$104 million and \$129 million through the remainder of the forecast period. The decline in additional revenues reflects the phase-out of the sales tax vendor credit after fiscal 2006 and a provision relating to business depreciation which initially generates additional revenue but results in revenue losses in subsequent years.

Legislation passed at the 2004 session will also increase State spending in future years. **SB 508/Chapter 430** encourages the Governor to provide additional education aid to offset geographic differences in the cost of education. If the Governor elects to fully fund this provision, the State will spend an additional \$53.4 million on education aid in fiscal 2006 growing to \$106 million in fiscal 2009.

The extension of the Heritage Tax Credit, **HB 679/Chapter 76**, increases general fund expenditures by \$20.2 million in fiscal 2006 and \$30.2 million in fiscal 2007 and 2008. The Act also reduces general fund revenues for fiscal 2005 through 2008 by about \$7 million per year.

Given the current financial scenario, the State is facing major decisions at the 2005 session. Various measures could be considered to generate sufficient revenues, including implementation of video lottery terminals and/or modifications to the income tax and sales tax. An alternative scenario could involve more limited revenue enhancements coupled with significant spending reductions. Statutory changes to the Bridge to Excellence in Public Schools Act or a significant restructuring of State spending and/or State/local intergovernmental relationships would need to be part of this discussion. Action by the Governor in submitting a fiscal 2006 budget can be expected to begin framing the debate over the future fiscal course that Maryland will take.

## **Budget-related Legislation**

### **Managing for Results**

**SB 381/Chapter 452** codifies the State's Managing for Results (MFR) process originally established in 1997. The bill continues the current practice of agencies identifying a mission statement, selecting goals, and choosing objectives and performance measures that assist them in measuring progress towards their goals. DBM is required to develop a State Comprehensive Plan for MFR that sets the overarching goals and direction for State government. This plan will be reported to the General Assembly each January and will consist of up to 10 goals and 50 to 100 performance measures across State government.

### **The Budget Reconciliation and Financing Act of 2004**

The Budget Reconciliation and Financing Act of 2004 (BRFA), **SB 508/Chapter 430**, consolidates into one bill most of the provisions necessary to bring the fiscal 2005 budget into balance. The BRFA preserves general funds by providing relief from mandated funding levels, in some cases deferring or eliminating funding requirements; expanding the uses of specified existing special funds; and withdrawing fiscal 2004 appropriations. The BRFA also raises general fund revenues, largely from a combination of one-time transfers and ongoing fee and tax changes. New special fund revenues from increased fees for specified programs help to reduce the reliance on the general fund as well. The net impact on the general fund over fiscal 2004 and 2005 due to the BRFA is \$530.5 million. The longer-term impact is minimal as ongoing new revenues are offset by increased spending due to provisions in the BRFA.

As shown in **Exhibit 1.6**, most of that amount is due to one-time-only actions – transferring \$255.2 million to the general fund from various special funds; the sale of about \$750,000 in State assets; withdrawing \$126.1 million in appropriations, primarily due to the receipt of one-time federal financial assistance; and \$47.0 million in contingent reductions and deferred spending.

**Exhibit 1.6**  
**BRFA Impact on General Fund**  
**Fiscal 2004 and 2005**

|  | <u><b>FY 2004</b></u>         | <u><b>FY 2005</b></u>        |
|--|-------------------------------|------------------------------|
| <i><b>Spending Impacts</b></i>   |                               |                              |
| Withdrawn appropriations – one-time effect                               | (\$126,124,507)               |                              |
| Contingent reductions due to special fund fee increases – ongoing effect |                               | (\$2,105,375)                |
| Other contingent reductions – one-time effect                            |                               | (43,011,794)                 |
| Reduced reliance due to expanded use of special funds – ongoing effect   |                               | (678,744)                    |
| Deferred spending – one-time effect                                      |                               | (4,008,317)                  |
| Increased spending – mix of one-time and ongoing effects                 | 3,869,170                     | 17,147,512                   |
| <i><b>Subtotal</b></i>   | <i><b>(\$122,255,337)</b></i> | <i><b>(\$32,656,718)</b></i> |
| <i><b>Revenue Impacts</b></i>  |                               |                              |
| Special fund transfers to the general fund – one-time effect             |                               | \$255,238,676                |
| Proceeds from the sale of State assets – one-time effect                 | \$247,590                     | 500,000                      |
| General fund tax revenues – ongoing effect                               | 2,257,985                     | 97,898,564                   |
| General fund fee revenues – ongoing effect                               |                               | 5,296,049                    |
| Other general fund revenue enhancements – ongoing effect                 | 5,694,464                     | 8,472,463                    |
| <i><b>Subtotal</b></i>   | <i><b>\$8,200,039</b></i>     | <i><b>\$367,405,752</b></i>  |
| <b>Net Impact on General Fund</b>  | <b>\$130,455,376</b>          | <b>\$400,062,470</b>         |

Additional detail on the special fund transfers, withdrawn appropriations, and the sale of State assets is shown in **Exhibit 1.7**. Most of these actions were proposed by the Administration.

**Exhibit 1.7**  
**Transfers, Withdrawn Appropriations, and Sale of Assets in the BRFA**  
**Fiscal 2004 and 2005**

|  | <u><b>FY 2004</b></u>       | <u><b>FY 2005</b></u>       |
|--|-----------------------------|-----------------------------|
| <i><b>Transfers to the General Fund:</b></i>                               |                             |                             |
| Unclaimed local income tax   |                             | \$81,000,000                |
| DNR – POS State projects – transfer tax revenues                           |                             | 28,668,276                  |
| DNR – POS local projects – transfer tax revenues                           |                             | 28,467,966                  |
| MDA – MALPP – transfer tax revenues  |                             | 13,144,480                  |
| Overattainment of transfer tax revenues                                    |                             | 41,886,000                  |
| MDOT – SHA – highway user revenues   |                             | 51,220,064                  |
| DHMH – Spinal Cord Injury Research Trust Fund                              |                             | 2,557,790                   |
| DHMH – Board of Social Work Examiners Fund                                 |                             | 251,000                     |
| DHMH – Board of Physicians Fund  |                             | 628,000                     |
| DLLR – Racing Commission Special Fund                                      |                             | 415,100                     |
| DBM – Central Collection Unit  |                             | 4,500,000                   |
| DPSCS – State Use Industries   |                             | 2,000,000                   |
| OAG – Home Builder Registration Fund                                       |                             | 500,000                     |
| <i><b>Subtotal Transfer Revenue</b></i>                                    |                             | <i><b>\$255,238,676</b></i> |
| <i><b>Proceeds from Sale of State Assets:</b></i>                          |                             |                             |
| DNR – proceeds from sale of yacht  | \$247,590                   |                             |
| Proceeds from sale of Executive Branch surplus vehicles                    |                             | \$500,000                   |
| <i><b>Subtotal Sale of Assets Revenue</b></i>                              | <i><b>\$247,590</b></i>     | <i><b>\$500,000</b></i>     |
| <i><b>Withdrawn Fiscal 2004 Appropriations:</b></i>                        |                             |                             |
| Board of Elections – Help America Vote Act – availability of federal funds | \$1,847,000                 |                             |
| BPW – IAC – school wiring – amount not needed for debt service             | 2,923,440                   |                             |
| DHMH – Medicaid – availability of federal funds                            | 31,300,000                  |                             |
| State Police – various offices – availability of federal funds             | 90,054,067                  |                             |
| <i><b>Subtotal Withdrawn Appropriations</b></i>                            | <i><b>\$126,124,507</b></i> |                             |
| <b>Total</b>   | <b>\$126,372,097</b>        | <b>\$255,738,676</b>        |

BPW = Board of Public Works  
 DBM = Department of Budget and Management  
 DHMH = Department of Health and Mental Hygiene  
 DLLR = Department of Labor, Licensing, and Regulation  
 DNR = Department of Natural Resources  
 DPSCS = Department of Public Safety and Correctional Services  
 IAC = Interagency Agency Committee  
 MDA = Maryland Department of Agriculture  
 MDOT = Maryland Department of Transportation  
 MALPP = Maryland Agricultural Land Preservation Program  
 OAG = Office of the Attorney General  
 POS = Project Open Space  
 SHA = State Highway Administration

## **Major Transfer Provisions**

The BRFAs of 2002 and 2003 each included a series of transfers from special funds to the general fund. The BRFA of 2004 continues the practice, tapping some of the same funds and targeting new ones. The revenues due to transfers from special funds primarily come from the unclaimed local income tax, the transfer tax, and highway user revenues.

### **Unclaimed Local Income Tax**

The \$81.0 million transfer of unclaimed local income tax to the general fund is tied to two additional provisions in the BRFA: (1) an equivalent amount is also transferred to counties, municipalities, and special taxing districts for a total transfer of \$162.0 million; and (2) statutory provisions regarding the unallocated Individual Revenue Account are altered so that the Comptroller will reserve each year from the current collection an amount estimated to be refunded within three years and distribute the balance to local jurisdictions.

### **Transfer Tax Revenues**

The BRFA redirects to the general fund (1) \$70.3 million in transfer tax special fund revenue that would have supported POS and the MALPP in fiscal 2005; and (2) \$41.9 million in estimated fiscal 2004 transfer tax funds attained over the original fiscal 2004 estimate made in December 2002 that would otherwise support programs in fiscal 2006. This diversion of \$112.2 million in transfer tax revenue is in addition to \$95.2 million in fiscal 2005 transfer tax revenue that was redirected to the general fund in accordance with the BRFA of 2003. A portion of that total, \$18.1 million due to overattainment, was transferred in fiscal 2004. The balance, \$77.1 million, was preauthorized for fiscal 2005.

The BRFA also allocates \$1.5 million of any additional fiscal 2004 overattainment of transfer tax revenues to Baltimore City for its parks. The fiscal 2005 budget does not provide funding for Baltimore City's park operations and maintenance; historically a \$1.5 million annual allocation of transfer tax revenues has been provided for this purpose.

### **Highway User Revenues**

The BRFA of 2003 transferred \$102.4 million in local highway user revenues to the general fund in fiscal 2004 and limited Baltimore City's share to \$170.0 million for fiscal 2004 and 2005. The BRFA of 2003 also contained a provision transferring \$51.2 million in local highway user revenues to the general fund in fiscal 2005. The BRFA transfers an additional \$51.2 million to the general fund; the total amount of highway user revenues so diverted in fiscal 2005 will be the same as in fiscal 2004 – \$102.4 million. Accordingly, available highway user grants will decrease from \$433.1 million to \$381.9 million.

The BRFA also clarifies that Baltimore City's share of highway user revenues may increase according to an established formula if revenues exceed current estimates. In addition, the BRFA requires repayment of recent transfers from the Transportation Trust Fund (TTF) to the general fund by including TTF in the provisions relating to the disposition of any unappropriated general fund balance.

## **Tax Provisions**

The BRFA contains several provisions affecting existing taxes. Specifically, the BRFA:

- imposes a tax at the lowest county income tax rate (1.25 percent) on individuals who are currently subject to the State income tax but not to the county income tax (certain nonresidents) for all tax years beginning after December 31, 2003, accounting for a \$38.6 million increase in fiscal 2005 general fund revenues;
- halves the sales and use tax vendor collection credit for two additional years, maintaining the credit at the reduced level through fiscal 2006 and increasing general fund revenues by \$15.4 million in fiscal 2005 (the BRFA of 2002 halved the credit for two years, through fiscal 2004);
- reduces the distribution from the insurance premium tax to the Spinal Cord Injury Research Trust Fund to \$500,000, thereby increasing the revenue to the general fund by \$500,000 in fiscal 2006 and subsequent years; and
- decouples from federal tax changes in four areas:
  - limits to \$25,000 the amount that may be deducted as an expense under section 179 of the Internal Revenue Code, thereby continuing the decoupling from federal changes in 2003 that increased the amount to \$100,000, and maintains the \$200,000 threshold for beginning a phase-out;
  - limits the depreciation deduction allowed for specified large sport utility vehicles used for business purposes for purchases on or after June 1, 2004, in the same manner that the depreciation deduction for other passenger vehicles is limited;
  - sets the State estate tax effective exemption amount at \$1.0 million, decoupling from the federal unified credit amount (additional Comptroller staffing will be required); and
  - requires the Maryland estate tax to be determined without regard to the deduction for death taxes allowed for purposes of the federal estate tax.

Combined, these provisions raise general fund revenues of \$2.3 million in fiscal 2004 and \$97.9 million in fiscal 2005.



## **Fee Provisions**

The BRFA includes numerous fee provisions. Most of the new fees and the increased existing fees were proposed by the Administration.

### **Increased Existing Statutory Fees**

The BRFA increases existing statutory fees for licenses, certificates, permits, filings, affected lead properties, and lead-free rental unit reports in the Departments of Agriculture, Assessments and Taxation (SDAT), and the Environment as well as the Offices of the Attorney General and Administrative Hearings as shown in **Exhibit 1.8**. All of the special fund fee increases reduce reliance on general funds by effectuating contingent general fund reductions in the fiscal 2005 budget.

### **Newly Imposed Fees and New Fee-setting Authority**

The BRFA imposes new filing and processing fees in SDAT and modifies others to be nonrefundable (raising \$494,700 in general funds annually). The BRFA also authorizes the Secretary of the Department of Health and Mental Hygiene (DHMH) to establish fees by regulation to cover the administrative costs associated with inspections, investigations, permits, licenses, certifications, or registrations undertaken or issued under the Health-General Article (raising more than \$1.0 million in general funds in fiscal 2005). Accordingly, the BRFA repeals existing fees throughout the Health-General Article and provides for general fee-setting authority. In addition, the BRFA authorizes fees to be set for issuance and renewal of certification for programs certified to perform medication-assisted treatment (methadone treatment clinics – expected to raise \$90,000 in general funds).

### **Additional Fee Provisions**

The BRFA includes several other fee-related actions. Specifically, the BRFA:

- provides that, in fiscal 2005 only, the costs of the Maryland Health Care Commission and the Health Services Cost Review Commission include administrative costs incurred by DHMH on behalf of the commissions – accordingly, the BRFA provides for cost recovery for the department and increases the total amount of fees that may be assessed by the health regulatory commissions for one year;
- doubles the statutory cap on inspection fees related to wells and food establishments that may be charged by local health departments;

**Exhibit 1.8**  
**Statutory Fee Increases in the BRFA**

| <u>Description</u>                                   | <u>Number<br/>Issued</u> | <u>Current<br/>Fee</u> | <u>Proposed<br/>Fee</u> | <u>Amount of<br/>Increase</u> | <u>Additional<br/>Revenue</u> |
|--|--------------------------|------------------------|-------------------------|-------------------------------|-------------------------------|
| <i>Maryland Department of Agriculture</i>            |                          |                        |                         |                               |                               |
| Pest consultant certificate                          | 30                       | \$65                   | \$75                    | \$10                          | \$300                         |
| Pest control applicator certificate                  | 3,400                    | 65                     | 75                      | 10                            | 34,000                        |
| Pest control business license                        | 1,498                    | 125                    | 150                     | 25                            | 37,450                        |
| Pest control consulting business<br>license          | 30                       | 125                    | 150                     | 25                            | 750                           |
| Nursery certificate                                  | 400                      | 75                     | 100                     | 25                            | 10,000                        |
| Nursery broker/dealer license                        | 1,100                    | 75                     | 100                     | 25                            | 27,500                        |
| Wholesale seedsman permit                            | 310                      | 50                     | 100                     | 50                            | 15,500                        |
| <i>Office of the Attorney General</i>                |                          |                        |                         |                               |                               |
| Filing for exempt securities*                        | 1,600                    | 100                    | 400                     | 300                           | 480,000                       |
| Health Club – no upfront fees**                      | 16                       | 50                     | 75                      | 25                            | 400                           |
| Health Club – initiation fees less<br>than \$200**   | 426                      | 150                    | 300                     | 150                           | 63,900                        |
| Health Club – initiation fees over<br>\$200 bonded** | 76                       | 800                    | 1,200                   | 400                           | 30,400                        |
| <i>Office of Administrative Hearings</i>             |                          |                        |                         |                               |                               |
| Filing an MVA-related appeal*                        | 28,530                   | 15                     | 125                     | 110                           | 3,138,300                     |
| Filing all other appeals*                            | 1,292                    | 15                     | 50                      | 35                            | 45,220                        |
| <i>Maryland Department of the Environment</i>        |                          |                        |                         |                               |                               |
| Lead-affected rental unit                            | 65,000                   | 10                     | 15                      | 5                             | 325,000                       |
| Lead-free report                                     | 4,500                    | 5                      | 10                      | 5                             | 22,500                        |
| <b>Total</b>   |                          |                        |                         |                               | <b>\$4,231,220</b>            |

\*Fees collected are deposited in the general fund.

\*\*Health clubs are charged one of three different fees depending on whether they hold a surety bond and collect fees in advance of service.

- reduces the statutory fees for initial and biennial renewal registration of home builders;
- exempts rental cars from increased vehicle registration fees at an annual cost of \$1.3 million to TTF; and
- requires the Motor Vehicle Administration to reduce its fees if cost recovery exceeds 100 percent.

## **Other Revenue Enhancement Provisions**

### **Intermediate Care Facilities for the Mentally Retarded (ICF-MR) Assessment**

The BRFA imposes an assessment of 6 percent on all income of ICF-MRs. This provision will apply only to the four State residential centers for the developmentally disabled – the Rosewood Center, Holly Center, Potomac, and Joseph D. Brandenburg Center – if it is deemed permissible under Section 1903(W) of the Social Security Act, which relates to provider donations and health care taxes. The assessment will raise \$5.7 million in general fund revenue annually, offset by the general fund share of the assessment, which is \$3.9 million. The federal Medicaid program will provide matching funds to cover the federal share of the assessment, an estimated \$1.8 million beginning in fiscal 2004, resulting in a net gain of \$1.8 million to the general fund.

### **Report-Remit for Abandoned Property**

The BRFA accelerates the time frame for a person holding abandoned property to pay or deliver that property to the Comptroller, requiring payment or delivery at the time of filing a report on the property rather than 265 days after the report is filed. Accelerating receipt of abandoned property will have a one-time effect of \$2.5 million in advance receipts in fiscal 2005 as well as increased interest income each year.

## **By the Numbers**

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

**Exhibit 1.13** shows the impact of the legislative budget on the general fund balance for fiscal 2004 and 2005. The fiscal 2004 balance, including actions through **SB 508/Chapter 430**, is estimated to be \$230.4 million. At the end of fiscal 2005, the closing balance is estimated to be \$87.4 million.

**Exhibit 1.14**, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budgets No. 1 & 2, actions through Senate Bill 508, legislative reductions, and final appropriations for fiscal 2004 and 2005 by fund source. The Governor's original request provided for \$23.9 billion (exclusive of projected reversions and contingent reductions) in fiscal 2005 expenditures and fiscal 2004 deficiencies. The Governor added \$44.2 million in fiscal 2004 and 2005 spending via the two supplemental budgets. The legislature made \$367.6 million in reductions and contingent reductions to the total budget request, resulting in additional appropriations of \$209.9 million for fiscal 2004 (net of \$126.1 million in withdrawn appropriations), and \$23.6 billion for fiscal 2005.

**Exhibit 1.15** illustrates budget changes by major expenditure category by fund. Total spending grows 3.1 percent. As discussed in the Budget in Brief, debt service grows 8.2 percent; aid to local governments increases by 7.5 percent; entitlements grow 2.9 percent, and State agency spending rises 2.7 percent. PAYGO capital expenditures decrease 13.4 percent, largely due to cash flow changes and project completions in the transportation capital program. A \$106.7 million appropriation to the State Reserve Fund largely passes through the Rainy Day Fund to the general fund balance, as indicated in Exhibit 1.13 which shows a net decrease of \$21 million to general fund revenues.

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**Exhibit 1.13**  
**Final Budget Status**  
**Status as of June 1, 2004**

|   | <u><b>FY 2004</b></u>   | <u><b>FY 2005</b></u>   |
|---|-------------------------|-------------------------|
| <b>Starting General Fund Balance</b>                        | <b>\$122,652,618</b>    | <b>\$230,397,799</b>    |
| <b><u>Revenues (2004 &amp; 2005)</u></b>                    |                         |                         |
| BRE Estimated Revenues – December 2003                      | \$9,943,667,000         | \$10,391,116,900        |
| BRE Revenue Revision – March 2004                           | 26,784,000              | 3,993,100               |
| Budget Reconciliation and Financing Act of 2003             | 375,931,253             | 128,313,786             |
| Budget Reconciliation and Financing Act of 2004 Transfers   | 0                       | 255,238,676             |
| Budget Reconciliation and Financing Act of 2004 Revenues    | 8,200,039               | 112,167,076             |
| Other Legislation – New Revenues                            | 0                       | 21,534,059              |
| Supplemental Budget No. 1                                   | 500,000                 | 0                       |
| Additional revenues   | 15,002,964              | 13,069,925              |
|   | <b>\$10,370,085,256</b> | <b>\$10,925,433,522</b> |
| Net Transfer to the GF from the Rainy Day Fund 2004 Session | \$0                     | (\$21,652,618)          |
| <b>Subtotal Available Revenues</b>                          | <b>\$10,492,737,874</b> | <b>\$11,134,178,703</b> |
| <b><u>Appropriations</u></b>                                |                         |                         |
| General Fund Appropriations Net of Rainy Day Fund           | \$10,549,279,263        | \$11,250,627,037        |
| Deficiencies  | 78,254,189              | 0                       |
| Supplemental Budget No. 1                                   | (3,947,735)             | 5,323,382               |
| Supplemental Budget No. 2                                   | 7,335,443               | 5,642,467               |
| BPW withdrawn appropriations                                | (204,289,897)           | 0                       |
| BRFA withdrawn appropriations                               | (126,124,507)           | 0                       |
| Legislative Reductions/Contingent Reductions                | (986,681)               | (178,839,017)           |
| Estimated agency reversions                                 | (37,180,000)            | (36,000,000)            |
| <b>Subtotal Appropriations</b>                              | <b>\$10,262,340,075</b> | <b>\$11,046,753,869</b> |
| <b>Closing General Fund Balance</b>                         | <b>\$230,397,799</b>    | <b>\$87,424,834</b>     |

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**Exhibit 1.14**  
**Fiscal Note**  
**Summary of the Budget Bill – Senate Bill 125**

|   | <u>General Funds</u>       | <u>Special Funds</u>    | <u>Federal Funds</u> | <u>Education Funds</u> | <u>Total Funds</u>     |
|---|----------------------------|-------------------------|----------------------|------------------------|------------------------|
| <b>Governor's Request:</b>                              |                            |                         |                      |                        |                        |
| FY 2004 Deficiency Budget                               | \$78,254,189               | \$2,000,000             | \$243,775,367        | \$0                    | \$324,029,556          |
| FY 2005 Budget  | <u>11,327,279,655</u> (1)  | <u>4,253,561,284</u>    | <u>5,723,801,651</u> | <u>2,598,634,378</u>   | <u>23,903,276,968</u>  |
| Original Budget Request                                 | \$11,405,533,844           | \$4,255,561,284         | \$5,967,577,018      | \$2,598,634,378        | \$24,227,306,524       |
| <b>Supplemental Budgets No. 1 &amp; 2:</b>              |                            |                         |                      |                        |                        |
| FY 2004 Deficiency Budget                               | \$12,975,367               | \$0                     | \$0                  | \$0                    | \$12,975,367           |
| FY 2005 Budget  | <u>10,965,849</u>          | <u>14,306,278</u>       | <u>5,926,267</u>     | <u>0</u>               | <u>31,198,394</u>      |
|   | \$23,941,216               | \$14,306,278            | \$5,926,267          | \$0                    | \$44,173,761           |
| <b>Budget Reconciliation and Financing Act of 2004:</b> |                            |                         |                      |                        |                        |
| FY 2004 Withdrawn Appropriations                        | <u>(\$126,124,507)</u> (2) | <u>\$0</u>              | <u>\$0</u>           | <u>\$0</u>             | <u>(\$126,124,507)</u> |
| Total BRFA Actions                                      | (\$126,124,507)            | \$0                     | \$0                  | \$0                    | (\$126,124,507)        |
| <b>Conference Committee Reductions:</b>                 |                            |                         |                      |                        |                        |
| FY 2004 Deficiency Budget                               | (\$986,681)                | \$0                     | \$0                  | \$0                    | (\$986,681)            |
| FY 2005 Budget  | (121,106,462)              | (77,274,168)            | (40,259,378)         | 0                      | (238,640,008)          |
| FY 2005 Contingent Reductions                           | <u>(57,732,555)</u> (3)    | <u>(70,280,722)</u> (3) | <u>0</u>             | <u>0</u>               | <u>(128,013,277)</u>   |
| Total Reductions  | (\$179,825,698)            | (\$147,554,890)         | (\$40,259,378)       | \$0                    | (\$367,639,966)        |
| <b>Appropriations:</b>                                  |                            |                         |                      |                        |                        |
| FY 2004 Deficiency Budget                               | (\$35,881,632)             | \$2,000,000             | \$243,775,367        | \$0                    | \$209,893,735          |
| FY 2005 Budget  | <u>11,159,406,487</u>      | <u>4,120,312,672</u>    | <u>5,689,468,540</u> | <u>2,598,634,378</u>   | <u>23,567,822,077</u>  |
| Total Appropriation                                     | \$11,123,524,855           | \$4,122,312,672         | \$5,933,243,907      | \$2,598,634,378        | \$23,777,715,812       |

(1) Reflects general fund reversions of \$35 million and an across-the-board reduction of \$1 million in estimated savings due to implementation of some portion of the recommendations of the Commission on the Structure and Efficiency of State Government.

(2) The Budget Reconciliation and Financing Act of 2004 withdraws \$126.1 million in fiscal 2004 appropriations, including \$31.3 million from the Medicaid program and \$90.0 million from the State Police budgets due to one-time federal aid, \$1.8 million from the State Board of Elections due to available federal funds for voting machine lease purchase costs, and \$2.9 million in school wiring lease costs that are overbudgeted.

(3) Contingent language in the budget bill (either as submitted by the Governor or as amended by the committee) makes reductions of \$57.7 million in general funds and \$70.3 million in special funds. General fund reductions include those due to health club fees (\$54,285), costs for education at State health institutions for children (\$3.8 million), the failure to adopt nursing home bed assessments (\$12.3 million), funding for the teacher salary challenge (\$20.9 million), and Extended Elementary Education Programs (\$2.4 million), a change to the calculation of the balance of the Rainy Day Fund (\$9.0 million), corporate tax administration (\$0.6 million), agriculture fee increases (\$0.1 million), health indirect cost recoveries (\$1.6 million), non-public placements (\$6.4 million), lead fees (\$0.4 million), a new State Board of Veterinary Medical Examiners Fund (\$0.2 million), and failure to enact legislation to study guardianship in Children In Need of Assistance cases (\$0.2 million). Special fund reductions are made to program open space (\$70.3 million) to reflect transfer tax transfers to the general fund.

**Exhibit 1.15**  
**State Expenditures – General Funds**  
(\$ in Millions)

| <b>Category</b>                 | <b>Actual<br/>FY 2003</b> | <b>Work. Appr.<br/>FY 2004</b> | <b>Leg. Appr.<br/>FY 2005</b> | <b>FY 2004 to FY 2005<br/>\$ Change</b> | <b>% Change</b> |
|---------------------------------|---------------------------|--------------------------------|-------------------------------|---|-----------------|
| Debt Service                    | \$182.5                   | \$0.0                          | \$0.0                         | \$0.0                                   | n.a.            |
| <b>Aid to Local Governments</b> |                           |                                |                               |   |                 |
| County/Municipal                | \$228.2                   | \$206.0                        | \$208.3                       | \$2.3                                   | 1.1%            |
| Community Colleges              | 182.6                     | 174.9                          | 184.0                         | 9.1                                     | 5.2%            |
| Education/Libraries             | 3,040.2                   | 3,369.4 *                      | 3,683.2                       | 313.9                                   | 9.3%            |
| Health                          | 61.9                      | 60.4                           | 60.9                          | 0.4                                     | 0.7%            |
|                                 | <b>\$3,512.9</b>          | <b>\$3,810.7</b>               | <b>\$4,136.4</b>              | <b>\$325.7</b>                          | <b>8.5%</b>     |
| <b>Entitlements</b>             |                           |                                |                               |   |                 |
| Foster Care Payments            | \$143.2                   | \$169.3                        | \$172.5                       | \$3.3                                   | 1.9%            |
| Assistance Payments             | 48.5                      | 86.6                           | 75.6                          | (11.0)                                  | (12.7%)         |
| Medical Assistance              | 1,559.1                   | 1,624.4 *                      | 1,848.8                       | 224.4                                   | 13.8%           |
| Property Tax Credits            | 48.2                      | 48.9                           | 47.7                          | (1.2)                                   | (2.5%)          |
|                                 | <b>\$1,799.0</b>          | <b>\$1,929.1</b>               | <b>\$2,144.6</b>              | <b>\$215.5</b>                          | <b>11.2%</b>    |
| <b>State Agencies</b>           |                           |                                |                               |   |                 |
| Health                          | \$1,193.3                 | \$1,183.7                      | \$1,222.4                     | \$38.7                                  | 3.3%            |
| Human Resources                 | 303.6                     | 294.5                          | 317.2                         | 22.7                                    | 7.7%            |
| Systems Reform Initiative       | 38.1                      | 36.5                           | 35.8                          | (0.7)                                   | (2.0%)          |
| Juvenile Justice                | 158.9                     | 169.3                          | 172.9                         | 3.7                                     | 2.2%            |
| Public Safety/Police            | 845.0                     | 842.6 *                        | 948.0                         | 105.4                                   | 12.5%           |
| Higher Education                | 895.7                     | 837.5                          | 839.7                         | 2.1                                     | 0.3%            |
| Other Education                 | 268.2                     | 262.3                          | 283.5                         | 21.2                                    | 8.1%            |
| Agric./Natl Res./Environment    | 146.3                     | 135.6                          | 129.9                         | (5.7)                                   | (4.2%)          |
| Other Executive Agencies        | 487.2                     | 461.8                          | 535.8                         | 74.0                                    | 16.0%           |
| Judicial/Legislative            | 321.1                     | 334.9                          | 340.1                         | 5.2                                     | 1.6%            |
| Across-the-Board cuts           | 0.0                       | 0.0                            | (18.8)                        | (18.8)                                  | n.a.            |
|                                 | <b>\$4,657.5</b>          | <b>\$4,558.6</b>               | <b>\$4,806.5</b>              | <b>\$247.9</b>                          | <b>5.4%</b>     |
| <b>Subtotal</b>                 | <b>\$10,152.0</b>         | <b>\$10,298.4</b>              | <b>\$11,087.6</b>             | <b>\$789.1</b>                          | <b>7.7%</b>     |
| Capital                         | 31.3                      | 0.7                            | 1.2                           | 0.5                                     | 77.8%           |
| Reserve Fund                    | 181.0                     | 10.0                           | 106.7                         | 96.7                                    | 966.5%          |
| <b>Appropriations</b>           | <b>\$10,364.2</b>         | <b>\$10,309.1</b>              | <b>\$11,195.4</b>             | <b>\$886.3</b>                          | <b>8.6%</b>     |
| Reversions                      | 0.0                       | (37.0)                         | (36.0)                        | 1.0                                     | (2.7%)          |
| <b>Grand Total</b>              | <b>\$10,364.2</b>         | <b>\$10,272.1</b>              | <b>\$11,159.4</b>             | <b>\$887.3</b>                          | <b>8.6%</b>     |

Note: Fiscal 2004 reflects deficiency appropriations of \$83.9 million and \$1.0 million in cuts to the deficiencies.

\*Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

**Exhibit 1.15 (cont'd)**  
**State Expenditures – Special and Higher Education Funds\***  
(\$ in Millions)

| <b><u>Category</u></b>          | <b><u>Actual<br/>FY 2003</u></b> | <b><u>Work. Appr.<br/>FY 2004</u></b> | <b><u>Leg. Appr.<br/>FY 2005</u></b> | <b><u>FY 2004 to FY 2005<br/>\$ Change</u></b> | <b><u>% Change</u></b> |
|---------------------------------|----------------------------------|---------------------------------------|--------------------------------------|--|------------------------|
| Debt Service                    | \$857.4                          | \$680.0                               | \$735.9                              | \$55.9   | 8.2%                   |
| <b>Aid to Local Governments</b> |                                  |                                       |                                      |  |                        |
| County/Municipal                | \$474.5                          | \$396.8                               | \$408.5                              | \$11.7   | 3.0%                   |
| Community Colleges              | 0.8                              | 0.0                                   | 0.0                                  | 0.0  | n.a.                   |
| Education/Libraries             | 121.7                            | 0.3                                   | 0.2                                  | (0.0)  | (3.5%)                 |
| Health                          | 0.0                              | 0.0                                   | 0.0                                  | 0.0  | n.a.                   |
|                                 | <b>\$597.0</b>                   | <b>\$397.0</b>                        | <b>\$408.8</b>                       | <b>\$11.7</b>                                  | <b>3.0%</b>            |
| <b>Entitlements</b>             |                                  |                                       |                                      |  |                        |
| Foster Care Payments            | \$0.1                            | \$0.2                                 | \$0.1                                | (\$0.1)  | (39.3%)                |
| Assistance Payments             | 20.0                             | 16.3                                  | 17.3                                 | 1.0  | 6.3%                   |
| Medical Assistance              | 121.8                            | 119.9                                 | 74.1                                 | (45.8)   | (38.2%)                |
| Property Tax Credits            | 0.0                              | 0.0                                   | 0.0                                  | (0.0)  | (12.7%)                |
|                                 | <b>\$142.0</b>                   | <b>\$136.5</b>                        | <b>\$91.6</b>                        | <b>(\$44.9)</b>                                | <b>(32.9%)</b>         |
| <b>State Agencies</b>           |                                  |                                       |                                      |  |                        |
| Health                          | \$183.9                          | \$172.4                               | \$168.5                              | (\$3.9)  | (2.3%)                 |
| Human Resources                 | 68.3                             | 65.6                                  | 48.2                                 | (17.4)   | (26.6%)                |
| Systems Reform Initiative       | 0.0                              | 2.5                                   | 2.4                                  | (0.1)  | (4.6%)                 |
| Juvenile Justice                | 0.1                              | 0.2                                   | 0.2                                  | 0.0  | 0.0%                   |
| Public Safety/Police            | 148.2                            | 154.5                                 | 163.7                                | 9.2  | 5.9%                   |
| Higher Education                | 2,243.9                          | 2,485.6                               | 2,604.6                              | 119.0  | 4.8%                   |
| Other Education                 | 37.7                             | 32.7                                  | 31.0                                 | (1.8)  | (5.4%)                 |
| Transportation                  | 1,071.4                          | 1,049.7                               | 1,088.2                              | 38.5   | 3.7%                   |
| Agric./Nat'l Res./Environment   | 97.1                             | 100.5                                 | 106.1                                | 5.5  | 5.5%                   |
| Other Executive Agencies        | 283.0                            | 383.7                                 | 350.9                                | (32.7)   | (8.5%)                 |
| Judicial/Legislative            | 13.6                             | 33.1                                  | 33.7                                 | 0.6  | 1.8%                   |
| Across-the-Board cuts           | 0.0                              | 0.0                                   | (7.6)                                | (7.6)  | n.a.                   |
|                                 | <b>\$4,147.2</b>                 | <b>\$4,480.7</b>                      | <b>\$4,589.8</b>                     | <b>\$109.2</b>                                 | <b>2.4%</b>            |
| <b>Subtotal</b>                 | <b>\$5,743.5</b>                 | <b>\$5,694.2</b>                      | <b>\$5,826.1</b>                     | <b>\$131.9</b>                                 | <b>2.3%</b>            |
| Capital                         | 972.7                            | 1,039.3                               | 892.9                                | (146.4)  | (14.1%)                |
| <b>Grand Total</b>              | <b>\$6,716.3</b>                 | <b>\$6,733.4</b>                      | <b>\$6,718.9</b>                     | <b>(\$14.5)</b>                                | <b>(0.2%)</b>          |

Note: Fiscal 2004 reflects deficiency appropriations of \$2.0 million.

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

**Exhibit 1.15 (cont'd)**  
**State Expenditures – Federal Funds**  
(\$ in Millions)

| <b><u>Category</u></b>          | <b><u>Actual<br/>FY 2003</u></b> | <b><u>Work. Appr.<br/>FY 2004</u></b> | <b><u>Leg. Appr.<br/>FY 2005</u></b> | <b><u>FY 2004 to FY 2005<br/>\$ Change</u></b> | <b><u>% Change</u></b> |
|---------------------------------|----------------------------------|---------------------------------------|--------------------------------------|--|------------------------|
| Debt Service                    | \$0.0                            | \$0.0                                 | \$0.0                                | \$0.0  | n.a.                   |
| <b>Aid to Local Governments</b> |                                  |                                       |                                      |  |                        |
| County/Municipal                | \$19.5                           | \$22.4                                | \$27.6                               | \$5.2  | 23.1%                  |
| Community Colleges              | 0.0                              | 0.0                                   | 0.0                                  | 0.0  | n.a.                   |
| Education/Libraries             | 630.9                            | 682.6                                 | 708.7                                | 26.1   | 3.8%                   |
| Health                          | <u>4.5</u>                       | <u>4.5</u>                            | <u>4.5</u>                           | <u>0.0</u>                                     | 0.0%                   |
|                                 | <b>\$654.9</b>                   | <b>\$709.5</b>                        | <b>\$740.8</b>                       | <b>\$31.3</b>                                  | <b>4.4%</b>            |
| <b>Entitlements</b>             |                                  |                                       |                                      |  |                        |
| Foster Care Payments            | \$102.0                          | \$83.9                                | \$81.6                               | (\$2.3)  | (2.7%)                 |
| Assistance Payments             | 346.5                            | 273.2                                 | 323.1                                | 49.9   | 18.2%                  |
| Medical Assistance              | 1,713.4                          | 2,042.8                               | 1,956.0                              | (86.8)   | (4.3%)                 |
| Property Tax Credits            | <u>0.0</u>                       | <u>0.0</u>                            | <u>0.0</u>                           | <u>0.0</u>                                     | n.a.                   |
|                                 | <b>\$2,161.9</b>                 | <b>\$2,399.9</b>                      | <b>\$2,360.6</b>                     | <b>(\$39.3)</b>                                | <b>(1.6%)</b>          |
| <b>State Agencies</b>           |                                  |                                       |                                      |  |                        |
| Health                          | \$595.3                          | \$663.4                               | \$670.1                              | \$6.6  | 1.0%                   |
| Human Resources                 | 540.3                            | 526.9                                 | 523.1                                | (3.8)  | (0.7%)                 |
| Systems Reform Initiative       | 24.9                             | 28.5                                  | 25.0                                 | (3.5)  | (12.1%)                |
| Juvenile Justice                | 14.0                             | 14.8                                  | 15.4                                 | 0.6  | 4.0%                   |
| Public Safety/Police            | 100.6                            | 24.7                                  | 7.3                                  | (17.4)   | (70.6%)                |
| Higher Education                | 0.0                              | 0.0                                   | 0.0                                  | 0.0  | n.a.                   |
| Other Education                 | 107.5                            | 115.0                                 | 121.8                                | 6.8  | 5.9%                   |
| Transportation                  | 76.8                             | 79.9                                  | 75.1                                 | (4.8)  | (6.0%)                 |
| Agric./Nat'l Res./Environment   | 48.9                             | 55.8                                  | 51.4                                 | (4.4)  | (7.9%)                 |
| Other Executive Agencies        | 395.8                            | 438.5                                 | 405.7                                | (32.8)   | (7.5%)                 |
| Judicial/Legislative            | 2.4                              | 1.9                                   | 2.7                                  | 0.8  | 41.4%                  |
| Across-the-Board cuts           | <u>0.0</u>                       | <u>0.0</u>                            | <u>(3.5)</u>                         | <u>(3.5)</u>                                   | n.a.                   |
|                                 | <b>\$1,906.6</b>                 | <b>\$1,949.3</b>                      | <b>\$1,894.1</b>                     | <b>(\$55.3)</b>                                | <b>(2.8%)</b>          |
| <b>Subtotal</b>                 | <b>\$4,723.3</b>                 | <b>\$5,058.7</b>                      | <b>\$4,995.5</b>                     | <b>(\$63.2)</b>                                | <b>(1.3%)</b>          |
| Capital                         | 650.3                            | 793.4                                 | 694.0                                | (99.4)   | (12.5%)                |
| <b>Grand Total</b>              | <b>\$5,373.6</b>                 | <b>\$5,852.1</b>                      | <b>\$5,689.5</b>                     | <b>(\$162.7)</b>                               | <b>(2.8%)</b>          |

Note: Fiscal 2004 reflects deficiency appropriations of \$243.8 million.



**Exhibit 1.15 (cont'd)**  
**State Expenditures – State Funds**  
(\$ in Millions)

| <b><u>Category</u></b>          | <b><u>Actual<br/>FY 2003</u></b> | <b><u>Work. Appr.<br/>FY 2004</u></b> | <b><u>Leg. Appr.<br/>FY 2005</u></b> | <b><u>FY 2004 to FY 2005</u></b> |                        |
|---------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------------------|------------------------|
|                                 |                                  |                                       |                                      | <b><u>\$ Change</u></b>          | <b><u>% Change</u></b> |
| Debt Service                    | \$1,039.9                        | \$680.0                               | \$735.9                              | \$55.9                           | 8.2%                   |
| <b>Aid to Local Governments</b> |                                  |                                       |                                      |                                  |                        |
| County/Municipal                | \$702.7                          | \$602.8                               | \$616.8                              | 14.0                             | 2.3%                   |
| Community Colleges              | 183.4                            | 174.9                                 | 184.0                                | 9.1                              | 5.2%                   |
| Education/Libraries             | 3,161.8                          | 3,369.6 *                             | 3,683.5                              | 313.9                            | 9.3%                   |
| Health                          | 61.9                             | 60.4                                  | 60.9                                 | 0.4                              | 0.7%                   |
|                                 | <b>\$4,109.9</b>                 | <b>\$4,207.7</b>                      | <b>\$4,545.2</b>                     | <b>\$3,37.4</b>                  | <b>8.0%</b>            |
| <b>Entitlements</b>             |                                  |                                       |                                      |                                  |                        |
| Foster Care Payments            | \$143.4                          | \$169.5                               | \$172.7                              | \$3.2                            | 1.9%                   |
| Assistance Payments             | 68.5                             | 102.8                                 | 92.9                                 | (10.0)                           | (9.7%)                 |
| Medical Assistance              | 1,680.9                          | 1,744.3 *                             | 1,923.0                              | 178.6                            | 10.2%                  |
| Property Tax Credits            | 48.3                             | 48.9                                  | 47.7                                 | (1.2)                            | (2.5%)                 |
|                                 | <b>\$1,941.0</b>                 | <b>\$2,065.6</b>                      | <b>\$2,236.2</b>                     | <b>\$170.6</b>                   | <b>8.3%</b>            |
| <b>State Agencies</b>           |                                  |                                       |                                      |                                  |                        |
| Health                          | \$1,377.1                        | \$1,356.0                             | \$1,390.9                            | \$34.8                           | 2.6%                   |
| Human Resources                 | 372.0                            | 360.1                                 | 365.4                                | 5.3                              | 1.5%                   |
| Systems Reform Initiative       | 38.1                             | 39.0                                  | 38.2                                 | (0.8)                            | (2.1%)                 |
| Juvenile Justice                | 159.0                            | 169.5                                 | 173.2                                | 3.7                              | 2.2%                   |
| Public Safety/Police            | 993.2                            | 997.1 *                               | 1,111.7                              | 1,14.6                           | 11.5%                  |
| Higher Education                | 3,139.6                          | 3,323.1                               | 3,444.3                              | 1,21.2                           | 3.6%                   |
| Other Education                 | 305.9                            | 295.0                                 | 314.5                                | 19.5                             | 6.6%                   |
| Transportation                  | 1,071.4                          | 1,049.7                               | 1,088.2                              | 38.5                             | 3.7%                   |
| Agric./Nat'l Res./Environment   | 243.4                            | 236.1                                 | 236.0                                | (0.2)                            | (0.1%)                 |
| Other Executive Agencies        | 770.3                            | 845.5                                 | 886.7                                | 41.2                             | 4.9%                   |
| Judicial/Legislative            | 334.8                            | 368.0                                 | 373.8                                | 5.8                              | 1.6%                   |
| Across-the-Board cuts           | 0.0                              | 0.0                                   | (26.4)                               | (26.4)                           | n.a.                   |
|                                 | <b>\$8,804.7</b>                 | <b>\$9,039.3</b>                      | <b>\$9,396.4</b>                     | <b>\$3,57.1</b>                  | <b>4.0%</b>            |
| <b>Subtotal</b>                 | <b>\$15,895.5</b>                | <b>\$15,992.6</b>                     | <b>\$16,913.6</b>                    | <b>\$921.0</b>                   | <b>5.8%</b>            |
| Capital                         | 1,004.0                          | 1,039.9                               | 894.1                                | (145.9)                          | (14.0%)                |
| Reserve Fund                    | 181.0                            | 10.0                                  | 106.7                                | 96.7                             | 966.5%                 |
| <b>Appropriations</b>           | <b>\$17,080.5</b>                | <b>\$17,042.6</b>                     | <b>\$17,914.4</b>                    | <b>\$871.8</b>                   | <b>5.1%</b>            |
| Reversions                      | 0.0                              | (37.0)                                | (36.0)                               | 1.0                              | (2.7%)                 |
| <b>Grand Total</b>              | <b>\$17,080.5</b>                | <b>\$17,005.6</b>                     | <b>\$17,878.4</b>                    | <b>\$872.8</b>                   | <b>5.1%</b>            |

Note: Fiscal 2004 reflects deficiency appropriations of \$85.9 million and \$1.0 million in cuts to the deficiencies.

\*Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

**Exhibit 1.15 (cont'd)**  
**State Expenditures – All Funds**  
(\$ in Millions)

| <u>Category</u>                 | <u>Actual<br/>FY 2003</u> | <u>Work. Appr.<br/>FY 2004</u> | <u>Leg. Appr.<br/>FY 2005</u> | <u>FY 2004 to FY 2005<br/>\$ Change</u> | <u>% Change</u> |
|---------------------------------|---------------------------|--------------------------------|-------------------------------|---|-----------------|
| Debt Service                    | \$1,039.9                 | \$680.0                        | \$735.9                       | \$55.9                                  | 8.2%            |
| <b>Aid to Local Governments</b> |                           |                                |                               |   |                 |
| County/Municipal                | \$722.1                   | \$625.2                        | \$644.4                       | \$19.2                                  | 3.1%            |
| Community Colleges              | 183.4                     | 174.9                          | 184.0                         | 9.1                                     | 5.2%            |
| Education/Libraries             | 3,792.7                   | 4,052.2 *                      | 4,392.1                       | 340.0                                   | 8.4%            |
| Health                          | 66.4                      | 64.9                           | 65.4                          | 0.4                                     | 0.7%            |
|                                 | <b>\$4,764.7</b>          | <b>\$4,917.2</b>               | <b>\$5,285.9</b>              | <b>\$368.7</b>                          | <b>7.5%</b>     |
| <b>Entitlements</b>             |                           |                                |                               |   |                 |
| Foster Care Payments            | \$245.4                   | \$253.4                        | \$254.2                       | \$0.9                                   | 0.3%            |
| Assistance Payments             | 415.0                     | 376.0                          | 415.9                         | 39.9                                    | 10.6%           |
| Medical Assistance              | 3,394.2                   | 3,787.2 *                      | 3,879.0                       | 91.8                                    | 2.4%            |
| Property Tax Credits            | 48.3                      | 48.9                           | 47.7                          | (1.2)                                   | (2.5%)          |
|                                 | <b>\$4,102.8</b>          | <b>\$4,465.5</b>               | <b>\$4,596.8</b>              | <b>\$131.3</b>                          | <b>2.9%</b>     |
| <b>State Agencies</b>           |                           |                                |                               |   |                 |
| Health                          | \$1,972.4                 | \$2,019.4                      | \$2,060.9                     | \$41.5                                  | 2.1%            |
| Human Resources                 | 912.3                     | 887.0                          | 888.5                         | 1.5                                     | 0.2%            |
| Systems Reform Initiative       | 63.0                      | 67.5                           | 63.2                          | (4.3)                                   | (6.4%)          |
| Juvenile Justice                | 173.0                     | 184.3                          | 188.5                         | 4.2                                     | 2.3%            |
| Public Safety/Police            | 1,093.8                   | 1,021.8 *                      | 1,119.0                       | 97.2                                    | 9.5%            |
| Higher Education                | 3,139.6                   | 3,323.1                        | 3,444.3                       | 121.2                                   | 3.6%            |
| Other Education                 | 413.4                     | 410.0                          | 436.3                         | 26.3                                    | 6.4%            |
| Transportation                  | 1,148.2                   | 1,129.7                        | 1,163.4                       | 33.7                                    | 3.0%            |
| Agric./Nat'l Res./Environment   | 292.2                     | 291.9                          | 287.4                         | (4.5)                                   | (1.6%)          |
| Other Executive Agencies        | 1,166.1                   | 1,284.0                        | 1,292.4                       | 8.4                                     | 0.7%            |
| Judicial/Legislative            | 337.2                     | 369.9                          | 376.5                         | 6.6                                     | 1.8%            |
| Across-the-Board cuts           | 0.0                       | 0.0                            | (29.9)                        | (29.9)                                  | n.a.            |
|                                 | <b>\$10,711.3</b>         | <b>\$10,988.6</b>              | <b>\$11,290.4</b>             | <b>\$301.8</b>                          | <b>2.7%</b>     |
| <b>Subtotal</b>                 | <b>\$20,618.8</b>         | <b>\$21,051.3</b>              | <b>\$21,909.1</b>             | <b>\$857.8</b>                          | <b>4.1%</b>     |
| Capital                         | 1,654.3                   | 1,833.3                        | 1,588.1                       | (245.3)                                 | (13.4%)         |
| Reserve Fund                    | 181.0                     | 10.0                           | 106.7                         | 96.7                                    | 966.5%          |
| <b>Appropriations</b>           | <b>\$22,454.1</b>         | <b>\$22,894.7</b>              | <b>\$23,603.8</b>             | <b>\$709.1</b>                          | <b>3.1%</b>     |
| Reversions                      | 0.0                       | (37.0)                         | (36.0)                        | 1.0                                     | (2.7%)          |
| <b>Grand Total</b>              | <b>\$22,454.1</b>         | <b>\$22,857.7</b>              | <b>\$23,567.8</b>             | <b>\$710.1</b>                          | <b>3.1%</b>     |

Note: Fiscal 2004 reflects deficiency appropriations of \$329.7 million and \$1.0 million in cuts to the general fund deficiencies.

\*Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

## **Chapter Two – State Capital Program**

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



## Summary

The 2004 General Assembly passed a capital budget totaling \$2.3 billion, including \$1.4 billion for the transportation program. Of the total amount, \$655 million is funded with general obligation bonds; approximately \$1.4 billion is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and \$230 million is funded with revenue bonds, including higher education academic bonds (\$25 million) and transportation bonds (\$205 million). **Exhibit 2.1** presents an overview of the State's capital program for fiscal 2005. **Exhibit 2.2** shows the sources and uses of the funds for the nontransportation capital program.

General obligation debt totaling \$663.7 million is authorized in the Maryland Consolidated Capital Bond Loan of 2004, **SB 191/Chapter 432**. This includes \$5 million authorized in the Southern Maryland Regional Strategy-Action Plan for Agriculture Loan of 2001 and \$30.4 million authorized in the Maryland Consolidated Capital Bond Loan of 2003 for legislative initiative projects. This is offset by deauthorizations of \$8.7 million in previously authorized debt resulting in a net increase of \$655 million.

The Maryland Consolidated Capital Bond Loan of 2004 includes funding for:

- State facilities including colleges and universities, hospitals, office buildings, and correctional facilities;
- grants to local governments for school construction and facilities at community colleges;
- health and social services facilities such as senior citizen and adult day care centers, juvenile service facilities, and community health, disabilities, and addiction facilities;
- environmental programs such as the Chesapeake Bay Water Quality, asbestos abatement, GreenPrint, Program Open Space, and Rural Legacy programs;
- housing and community development such as the Partnership Rental Housing and Community Legacy programs; and
- local projects and legislative initiatives.

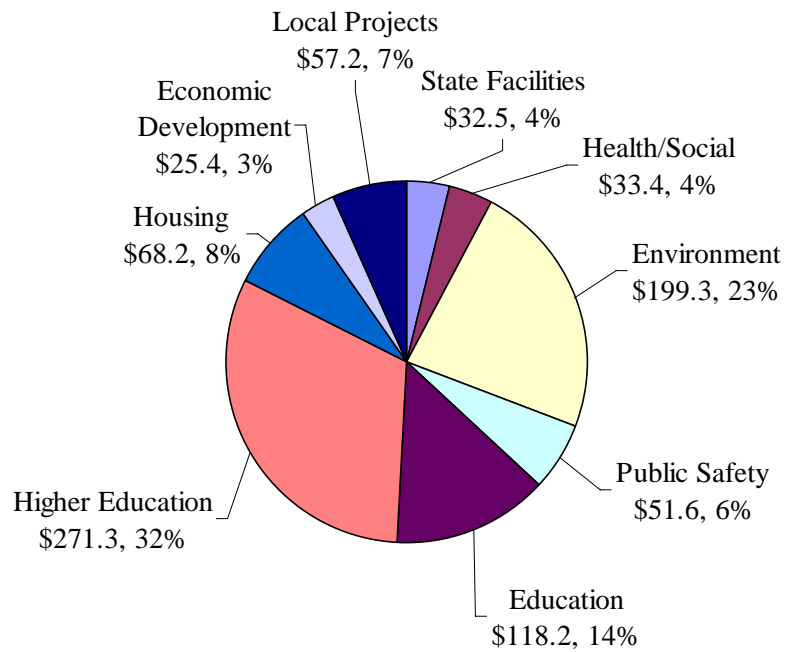
**Exhibit 2.1**  
**Summary of the Capital Programs as Passed for the 2004 Session**

| <b>Function</b>                      | <b>Bonds</b>                  |                |                 | <b>Current Funds (PAYGO)</b> |                |                | <b>Total</b>     |
|--------------------------------------|-------------------------------|----------------|-----------------|------------------------------|----------------|----------------|------------------|
|                                      | <b>General<br/>Obligation</b> | <b>Agency</b>  | <b>Recycled</b> | <b>General</b>               | <b>Special</b> | <b>Federal</b> |                  |
| <b>State Facilities</b>              |                               |                |                 |                              |                |                | <b>\$32.5</b>    |
| Facilities Renewal                   | \$12.8                        | \$0.0          | \$0.0           | \$0.0                        | \$0.3          | \$0.0          |                  |
| Other                                | 19.0                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.4            |                  |
| <b>Health/Social</b>                 |                               |                |                 |                              |                |                | <b>\$33.4</b>    |
| State Facilities                     | 3.3                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Private Hospitals                    | 7.5                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Other                                | 22.6                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| <b>Environment</b>                   |                               |                |                 |                              |                |                | <b>\$199.3</b>   |
| Natural Resources                    | 31.5                          | 0.0            | 0.0             | 0.0                          | 18.3           | 2.5            |                  |
| Agriculture                          | 16.0                          | 0.0            | 0.0             | 0.0                          | 13.2           | 3.5            |                  |
| Environment                          | 35.3                          | 0.0            | 0.0             | 0.0                          | 35.5           | 37.2           |                  |
| Environmental Services               | 3.3                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Energy                               | 0.0                           | 0.0            | 0.0             | 0.0                          | 3.0            | 0.0            |                  |
| <b>Public Safety</b>                 |                               |                |                 |                              |                |                | <b>\$51.6</b>    |
| State Corrections                    | 34.2                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Local Jails                          | 15.3                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| State Police                         | 1.1                           | 0.0            | 0.0             | 1.0                          | 0.0            | 0.0            |                  |
| <b>Education</b>                     |                               |                |                 |                              |                |                | <b>\$118.2</b>   |
| School Construction                  | 114.2                         | 0.0            | 0.0             | 0.0                          | 2.4            | 0.0            |                  |
| Other                                | 1.6                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| <b>Higher Education</b>              |                               |                |                 |                              |                |                | <b>\$271.3</b>   |
| University System                    | 145.8                         | 25.0           | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Morgan State University              | 8.3                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| St. Mary's College                   | 26.7                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Community Colleges                   | 47.0                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| Private Colleges/Universities        | 8.5                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| UMMS                                 | 10.0                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| <b>Housing/Community Development</b> |                               |                |                 |                              |                |                | <b>\$68.2</b>    |
| Housing                              | 23.3                          | 0.0            | 0.0             | 0.0                          | 22.4           | 16.8           |                  |
| Other                                | 5.7                           | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| <b>Economic Development</b>          |                               |                |                 |                              |                |                | <b>\$25.2</b>    |
| Economic Development                 | 13.5                          | 0.0            | 0.0             | 0.0                          | 11.7           | 0.0            |                  |
| <b>Local Projects</b>                |                               |                |                 |                              |                |                | <b>\$57.4</b>    |
| Administration                       | 26.8                          | 0.0            | 0.0             | 0.2                          | 0.0            | 0.0            |                  |
| Legislative                          | 30.4                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            |                  |
| <b>Deauthorizations</b>              | -8.7                          | 0.0            | 0.0             | 0.0                          | 0.0            | 0.0            | <b>-\$8.7</b>    |
| <b>Subtotal</b>                      | <b>\$655.0</b>                | <b>\$25.0</b>  | <b>\$0.0</b>    | <b>\$1.2</b>                 | <b>\$106.9</b> | <b>\$60.4</b>  | <b>\$848.5</b>   |
| <b>Transportation</b>                | 0.0                           | 205.0          | 0.0             | 0.0                          | 581.0          | 661.1          | <b>\$1,447.1</b> |
| <b>Grand Total</b>                   | <b>\$655.0</b>                | <b>\$230.0</b> | <b>\$0.0</b>    | <b>\$1.2</b>                 | <b>\$687.8</b> | <b>\$721.5</b> | <b>\$2,295.6</b> |

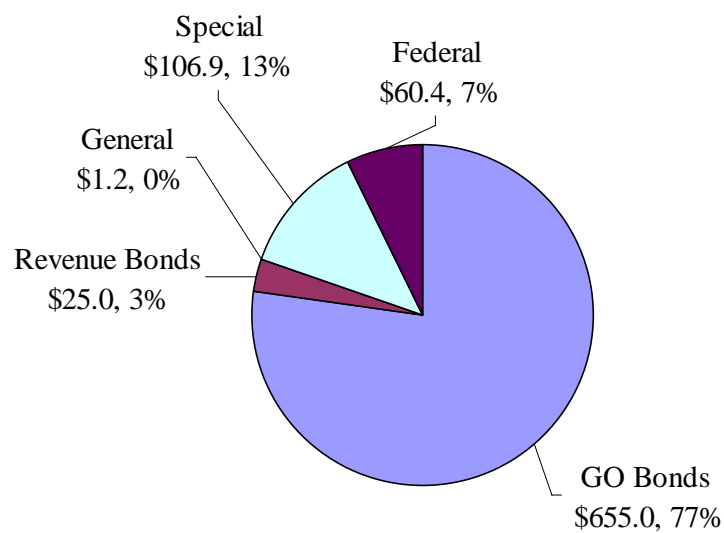
Note: Numbers may not sum to total due to rounding.  
 UMMS = University of Maryland Medical System.

## Exhibit 2.2 Nontransportation Capital

### Uses



### Sources



In addition to being used to fund the same types of projects funded with general obligation debt, PAYGO funds are used primarily to support environmental, housing, and economic development programs. Also, **HB 1068/Chapter 533** authorizes \$25 million in debt for academic facilities at the University System of Maryland. **Exhibit 2.3** lists capital projects by fund source. The individual legislative initiative projects are listed in **Exhibit 2.4**



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**Exhibit 2.3**  
**Capital Program as Passed – 2004 Session**

| <b>Budget<br/>Code</b>  | <b>Project Title</b>                           | <b>Bonds<br/>Go Bonds</b> | <b>Agency</b> | <b>Current Funds</b> |                  | <b>Federal</b>   | <b>Total</b>        |
|-------------------------|--|---------------------------|---------------|----------------------|------------------|------------------|---------------------|
|                         |  |                           |               | <b>General</b>       | <b>Special</b>   |                  |                     |
| <b>State Facilities</b> |  |                           |               |                      |                  |                  |                     |
| DA02.01(A)              | OID: Accessibility Modifications               | \$1,600,000               | \$0           | \$0                  | \$0              | \$0              | \$1,600,000         |
| DE02.01(A)              | State House Renovations                        | 4,600,000                 | 0             | 0                    | 0                | 0                | 4,600,000           |
| DE02.01(B)              | 2100 Guilford Avenue                           | 5,344,000                 | 0             | 0                    | 0                | 0                | 5,344,000           |
| DE02.01(C)              | 301 West Preston Street                        | 1,700,000                 | 0             | 0                    | 0                | 0                | 1,700,000           |
| DE02.01(D)              | DGS: Capital Facility Renewal                  | 6,049,000                 | 0             | 0                    | 300,000          | 0                | 6,349,000           |
| DE02.01(E)              | Public Safety Communications System            | 5,000,000                 | 0             | 0                    | 0                | 400,000          | 5,400,000           |
| DE02.01(F)              | DGS: Asbestos Abatement Program                | 2,000,000                 | 0             | 0                    | 0                | 0                | 2,000,000           |
| DE02.01(G)              | Construction Contingency Fund                  | 2,000,000                 | 0             | 0                    | 0                | 0                | 2,000,000           |
| DE02.01(H)              | Underground Heating Storage Tank Replacement   | 500,000                   | 0             | 0                    | 0                | 0                | 500,000             |
| DE02.01(I)              | Centreville District Court Park                | 0                         | 0             | 0                    | 0                | 0                | 0                   |
| DE02.01(J)              | DGS: CFC Mitigation Fund                       | 350,000                   | 0             | 0                    | 0                | 0                | 350,000             |
| DE02.01(K)              | Rockville District Court                       | 2,378,000                 | 0             | 0                    | 0                | 0                | 2,378,000           |
| DE02.01(L)              | Centreville District Court/Multiservice Center | <u>230,000</u>            | <u>0</u>      | <u>0</u>             | <u>0</u>         | <u>0</u>         | <u>230,000</u>      |
|                         | <b>Subtotal</b>                                | <b>\$31,751,000</b>       | <b>\$0</b>    | <b>\$0</b>           | <b>\$300,000</b> | <b>\$400,000</b> | <b>\$32,451,000</b> |
| <b>Health/Social</b>    |  |                           |               |                      |                  |                  |                     |
| DA07(A)                 | Aging: Senior Citizens Activities Centers      | 1,986,000                 | 0             | 0                    | 0                | 0                | 1,986,000           |
| MA01(A)                 | DHMH: Community Health Facilities              | 8,447,000                 | 0             | 0                    | 0                | 0                | 8,447,000           |
| MA01(B)                 | DHMH: Federally Qualified Health Centers       | 2,400,000                 | 0             | 0                    | 0                | 0                | 2,400,000           |

| <b>Budget<br/>Code</b> | <b>Project Title</b>                                 | <b>Bonds</b>           |                      | <b>Current Funds</b>  |                       |                       | <b>Total</b>        |
|------------------------|--|------------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|                        |  | <b><u>Go Bonds</u></b> | <b><u>Agency</u></b> | <b><u>General</u></b> | <b><u>Special</u></b> | <b><u>Federal</u></b> |                     |
| ML10(A)                | Clifton T. Perkins Hospital Center:<br>Security Wing | 9,625,000              | 0                    | 0                     | 0                     | 0                     | 9,625,000           |
| VA01(A)                | DJS: Juvenile Services Facilities                    | 3,337,000              | 0                    | 0                     | 0                     | 0                     | 3,337,000           |
| VA01(B)                | DJS: Charles H. Hickey, Jr. School                   | 2,691,000              | 0                    | 0                     | 0                     | 0                     | 2,691,000           |
| ZA00(O)                | Prince George's Hospital Center                      | 4,025,000              | 0                    | 0                     | 0                     | 0                     | 4,025,000           |
| ZC01(A)                | MHA: Franklin Square Hospital                        | 209,000                | 0                    | 0                     | 0                     | 0                     | 209,000             |
| ZC01(B)                | MHA: Greater Baltimore Medical Center                | 535,000                | 0                    | 0                     | 0                     | 0                     | 535,000             |
| ZC01(C)                | MHA: Holy Cross Health                               | 1,522,000              | 0                    | 0                     | 0                     | 0                     | 1,522,000           |
| ZC01(D)                | MHA: Laurel Regional Hospital                        | 675,000                | 0                    | 0                     | 0                     | 0                     | 675,000             |
| ZC01(E)                | MHA: Prince George's Hospital                        | 300,000                | 0                    | 0                     | 0                     | 0                     | 300,000             |
| ZC01(F)                | MHA: St. Joseph Medical Center                       | <u>230,000</u>         | <u>0</u>             | <u>0</u>              | <u>0</u>              | <u>0</u>              | <u>230,000</u>      |
|                        | <b>Subtotal</b>                                      | <b>\$33,399,000</b>    | <b>\$0</b>           | <b>\$0</b>            | <b>\$0</b>            | <b>\$0</b>            | <b>\$33,399,000</b> |
| <b>Environment</b>     |  |                        |                      |                       |                       |                       |                     |
| DA13.02                | MEA: Community Energy Loans                          | 0                      | 0                    | 0                     | 1,500,000             | 0                     | 1,500,000           |
| DA13.03                | MEA: State Agency Loans                              | 0                      | 0                    | 0                     | 1,500,000             | 0                     | 1,500,000           |
| KA05(A)                | DNR: GreenPrint Program                              | 3,000,000              | 0                    | 0                     | 0                     | 0                     | 3,000,000           |
| KA05(B)                | DNR: Program Open Space                              | 15,000,000             | 0                    | 0                     | 0                     | 2,000,000             | 17,000,000          |
| KA05(C)                | DNR: State Capital Improvements                      | 3,572,000              | 0                    | 0                     | 0                     | 0                     | 3,572,000           |
| K00A02                 | DNR: Pocomoke Shade Landing                          | 0                      | 0                    | 0                     | 363,000               |                       | 363,000             |
| K00A02                 | DNR: Critical Maintenance                            | 0                      | 0                    | 0                     | 3,500,000             |                       | 3,500,000           |
| KA05(D)                | DNR: Community Parks and Playground                  | 5,000,000              | 0                    | 0                     | 0                     | 0                     | 5,000,000           |
| KA05(E)                | DNR: Rural Legacy Program                            | 2,000,000              | 0                    | 0                     | 0                     | 0                     | 2,000,000           |
| KA17(A)                | DNR: Oyster Restoration Program                      | 3,000,000              | 0                    | 0                     | 0                     | 0                     | 3,000,000           |
| K00A02                 | DNR: Ocean City Beach Replacement                    | 0                      | 0                    | 0                     | 2,000,000             | 0                     | 2,000,000           |
| K00A02                 | DNR: Waterway Improvement                            | 0                      | 0                    | 0                     | 11,950,000            | 500,000               | 12,450,000          |
| K00A02                 | DNR: Shore Erosion Control Program                   | 0                      | 0                    | 0                     | 500,000               | 0                     | 500,000             |
| LA11(A)                | MDA: Agricultural Land Preservation                  | 5,000,000              | 0                    | 0                     | 8,580,000             | 3,500,000             | 16,080,000          |
| LA11                   | MDA: Tobacco Transition                              | 5,000,000              | 0                    | 0                     | 4,653,000             | 0                     | 9,653,000           |

| <b>Budget<br/>Code</b> | <b>Project Title</b>                           | <b>Bonds<br/>Go Bonds</b> | <b>Agency</b> | <b>Current Funds</b> |                     | <b>Federal</b>      | <b>Total</b>         |
|------------------------|--|---------------------------|---------------|----------------------|---------------------|---------------------|----------------------|
|                        |  |                           |               | <b>General</b>       | <b>Special</b>      |                     |                      |
| LA15(A)                | MDA: Agricultural Cost Share                   | 6,000,000                 | 0             | 0                    | 0                   | 0                   | 6,000,000            |
| UA01(A)                | MDE: Water Quality Revolving Loan Fund         | 6,407,000                 | 0             | 0                    | 32,840,000          | 30,753,000          | 70,000,000           |
| UA01(B)                | MDE: Drinking Revolving Loan Fund              | 1,860,000                 | 0             | 0                    | 2,687,000           | 6,453,000           | 11,000,000           |
| UA01(C)                | MDE: Hazardous Substance Cleanup Program       | 1,500,000                 | 0             | 0                    | 0                   | 0                   | 1,500,000            |
| UA04(A1)               | MDE: CBWQ Nutrient Removal                     | 17,000,000                | 0             | 0                    | 0                   | 0                   | 17,000,000           |
| UA04(A2)               | MDE: CBWQ Supplemental Assistance              | 5,000,000                 | 0             | 0                    | 0                   | 0                   | 5,000,000            |
| UA04(A3)               | MDE: CBWQ Small Creeks and Estuaries           | 500,000                   | 0             | 0                    | 0                   | 0                   | 500,000              |
| UA04(A4)               | MDE: Stormwater Pollution Control              | 500,000                   | 0             | 0                    | 0                   | 0                   | 500,000              |
| UA04(B)                | MDE: Water Supply Assistance Fund              | 2,500,000                 | 0             | 0                    | 0                   | 0                   | 2,500,000            |
| UB00(A)                | MES: Infrastructure Improvement Fund           | <u>3,257,000</u>          | <u>0</u>      | <u>0</u>             | <u>0</u>            | <u>0</u>            | <u>3,257,000</u>     |
|                        | <b>Subtotal</b>                                | <b>\$86,096,000</b>       | <b>\$0</b>    | <b>\$0</b>           | <b>\$70,073,000</b> | <b>\$43,206,000</b> | <b>\$199,375,000</b> |
| <b>Public Safety</b>   |  |                           |               |                      |                     |                     |                      |
| QB04(A)                | DPSCS: Correctional Training Center            | 1,060,000                 | 0             | 0                    | 0                   | 0                   | 1,060,000            |
| QB05(A)                | DPSCS: MCIW Support Services                   | 54,000                    | 0             | 0                    | 0                   | 0                   | 54,000               |
| QB06(A)                | DPSCS: Brockbridge Correctional Facility       | 8,451,000                 | 0             | 0                    | 0                   | 0                   | 8,451,000            |
| QB0801(A)              | DPSCS: WCI-New Warehouse                       | 0                         | 0             | 0                    | 0                   | 0                   | 0                    |
| QB0802(A)              | DPSCS: NBCI Housing Unit                       | 17,536,000                | 0             | 0                    | 0                   | 0                   | 17,536,000           |
| QD00(A)                | DPSCS: Patuxent Institute Electrical Services  | 385,000                   | 0             | 0                    | 0                   | 0                   | 385,000              |
| QG00(A)                | DPSCS: Public Safety Training Center           | 940,000                   | 0             | 0                    | 0                   | 0                   | 940,000              |
| QP00A)                 | DPSCS: BCDC Property Acquisition               | 2,500,000                 | 0             | 0                    | 0                   | 0                   | 2,500,000            |
| QP00(B)                | DPSCS: BCDC Women's Detention Center           | 3,335,000                 | 0             | 0                    | 0                   | 0                   | 3,335,000            |
| WA01(A)                | DSP: Forensic Science Laboratory               | 784,000                   | 0             | 1,000,000            | 0                   | 0                   | 1,784,000            |
| WA01(B)                | DSP: Easton Barrack and Garage                 | 307,000                   | 0             | 0                    | 0                   | 0                   | 307,000              |
| ZB02(A)                | Local Jails: Baltimore County Detention Center | 10,000,000                | 0             | 0                    | 0                   | 0                   | 10,000,000           |
| ZB02(B)                | Local Jails: Charles County Detention Center   | 336,000                   | 0             | 0                    | 0                   | 0                   | 336,000              |

| <u>Budget Code</u>      | <u>Project Title</u>                             | <u>Bonds Go Bonds</u> | <u>Agency</u> | <u>Current Funds</u> |                    | <u>Federal</u> | <u>Total</u>         |
|-------------------------|--|-----------------------|---------------|----------------------|--------------------|----------------|----------------------|
|                         |  |                       |               | <u>General</u>       | <u>Special</u>     |                |                      |
| ZB02(C)                 | Local Jails: Montgomery County Detention Center  | 3,048,000             | 0             | 0                    | 0                  | 0              | 3,048,000            |
| ZB02(D)                 | Local Jails: Prince George's Correctional Center | 1,214,000             | 0             | 0                    | 0                  | 0              | 1,214,000            |
| ZB02(E)                 | Local Jails: Worcester County Jail               | <u>660,000</u>        | <u>0</u>      | <u>0</u>             | <u>0</u>           | <u>0</u>       | <u>660,000</u>       |
|                         | <b>Subtotal</b>                                  | <b>\$50,610,000</b>   | <b>\$0</b>    | <b>\$1,000,000</b>   | <b>\$0</b>         | <b>\$0</b>     | <b>\$51,610,000</b>  |
| <b>Education</b>        |  |                       |               |                      |                    |                |                      |
| DE02.02(A)              | Public School Construction                       | 114,226,000           | 0             | 0                    | 2,400,000          | 0              | 116,626,000          |
| RP00.05(A)              | MPBC: Digital Interconnection Network System     | 500,000               | 0             | 0                    | 0                  | 0              | 500,000              |
| RE01(A)                 | MSDE: Elementary and Support Services Building   | 681,000               | 0             | 0                    | 0                  | 0              | 681,000              |
| RE01(B)                 | MSDE: Family Education Building                  | 402,000               | 0             | 0                    | 0                  | 0              | 402,000              |
| RE01(C)                 | MSDE: Main Building Elevator/Columbia Campus     | <u>50,000</u>         | <u>0</u>      | <u>0</u>             | <u>0</u>           | <u>0</u>       | <u>50,000</u>        |
|                         | <b>Subtotal</b>                                  | <b>\$115,859,000</b>  | <b>\$0</b>    | <b>\$0</b>           | <b>\$2,400,000</b> | <b>\$0</b>     | <b>\$118,259,000</b> |
| <b>Higher Education</b> |  |                       |               |                      |                    |                |                      |
| RB21(A)                 | UMB: Dental School                               | 9,000,000             | 10,000,000    | 0                    | 0                  | 0              | 19,000,000           |
| RB21(B)                 | UMB: Howard Hall Renovation                      | 4,665,000             | 0             | 0                    | 0                  | 0              | 4,665,000            |
| RB22(A)                 | UMCP: Biological Sciences Research Building      | 55,805,000            | 0             | 0                    | 0                  | 0              | 55,805,000           |
| RB22(B)                 | UMCP: Engineering and Applied Sciences Building  | 2,400,000             | 0             | 0                    | 0                  | 0              | 2,400,000            |
| RB23(A)                 | BSU: Center for Business and Graduate Studies    | 17,550,000            | 0             | 0                    | 0                  | 0              | 17,550,000           |
| RB24(A)                 | TU: College of Liberal Arts Complex              | 4,242,000             | 0             | 0                    | 0                  | 0              | 4,242,000            |
| RB24(B)                 | TU: Fine Arts Building                           | 3,575,000             | 0             | 0                    | 0                  | 0              | 3,575,000            |
| RB25(A)                 | UMES: Social Sciences Building                   | 3,063,000             | 0             | 0                    | 0                  | 0              | 3,063,000            |
| RB27(A)                 | CSC: Campuswide Utilities/Security Upgrade       | 9,440,000             | 0             | 0                    | 0                  | 0              | 9,440,000            |
| RB27(B)                 | CSC: Grace Jacobs Building                       | 3,375,000             | 0             | 0                    | 0                  | 0              | 3,375,000            |
| RB27(C)                 | CSC: Physical Education Complex                  | 2,704,000             | 0             | 0                    | 0                  | 0              | 2,704,000            |

| <b>Budget<br/>Code</b> | <b>Project Title</b>                                     | <b>Bonds<br/>Go Bonds</b> | <b>Agency</b>       | <b>Current Funds<br/>General</b> | <b>Special</b> | <b>Federal</b> | <b>Total</b>         |
|------------------------|--|---------------------------|---------------------|----------------------------------|----------------|----------------|----------------------|
| RB27(D)                | CSC: Telecommunications Upgrade                          | 2,500,000                 | 0                   | 0                                | 0              | 0              | 2,500,000            |
| RB27(E)                | CSC: Conner Administration Building                      | 1,829,000                 | 0                   | 0                                | 0              | 0              | 1,829,000            |
| RB28(A)                | UB: 1300 North Charles Street                            | 0                         | 0                   | 0                                | 0              | 0              | 0                    |
| RB29(A)                | SU: Teacher Education – Technology Complex               | 3,009,000                 | 0                   | 0                                | 0              | 0              | 3,009,000            |
| RB31(A)                | UMBC: Chemistry Building Renovation                      | 3,000,000                 | 0                   | 0                                | 0              | 0              | 3,000,000            |
| RB35(A)                | UMBI: Center Advanced Research in Biotech.               | 5,000,000                 | 0                   | 0                                | 0              | 0              | 5,000,000            |
| RB36rb                 | USM: Facility Renewal                                    | 0                         | 15,000,000          | 0                                | 0              | 0              | 15,000,000           |
| RC00(A)                | BCCC: Main Building Liberty Campus                       | 14,675,000                | 0                   | 0                                | 0              | 0              | 14,675,000           |
| RD00(A)                | SMC: New Academic Building                               | 18,576,000                | 0                   | 0                                | 0              | 0              | 18,576,000           |
| RD00(B)                | SMC: Student Services Building                           | 8,109,000                 | 0                   | 0                                | 0              | 0              | 8,109,000            |
| RI00(A)                | MHEC: Community Colleges                                 | 38,881,000                | 0                   | 0                                | 0              | 0              | 38,881,000           |
| RI00(B)                | MHEC: Mont. College/Takoma Park Expansion                | 8,100,000                 | 0                   | 0                                | 0              | 0              | 8,100,000            |
| RM00(A)                | MSU: Northwood Property Acquisition                      | 5,700,000                 | 0                   | 0                                | 0              | 0              | 5,700,000            |
| RM00(B)                | MSU: Banneker Hall Renovation                            | 1,367,000                 | 0                   | 0                                | 0              | 0              | 1,367,000            |
| RM00(C)                | MSU: Montebello E-Wing Demolition                        | 0                         | 0                   | 0                                | 0              | 0              | 0                    |
| RM00(D)                | MSU: Campuswide Site Improvements                        | 696,000                   | 0                   | 0                                | 0              | 0              | 696,000              |
| RM00(E)                | MSU: Communications Center/Pedestrian Bridge             | 0                         | 0                   | 0                                | 0              | 0              | 0                    |
| RM00(F)                | MSU: Campuswide Utility Upgrades                         | 489,000                   | 0                   | 0                                | 0              | 0              | 489,000              |
| RQ00(A)                | UMMS: Diagnostic and Treatment<br>Facilities Improvement | 5,000,000                 | 0                   | 0                                | 0              | 0              | 5,000,000            |
| RQ00(B)                | UMMS: Ambulatory Care Facilities<br>Improvement          | 5,000,000                 | 0                   | 0                                | 0              | 0              | 5,000,000            |
| RQ00(C)                | Walter P. Carter Center Renovations                      | 0                         | 0                   | 0                                | 0              | 0              | 0                    |
| ZA00(G)                | MICUA: Columbia Union College                            | 2,250,000                 | 0                   | 0                                | 0              | 0              | 2,250,000            |
| ZA00(H)                | MICUA: Johns Hopkins University                          | 2,000,000                 | 0                   | 0                                | 0              | 0              | 2,000,000            |
| ZA00(I)                | MICUA: Sojourner Douglass College                        | 2,000,000                 | 0                   | 0                                | 0              | 0              | 2,000,000            |
| ZA00(J)                | MICUA: Villa Julie College                               | <u>2,250,000</u>          | <u>0</u>            | <u>0</u>                         | <u>0</u>       | <u>0</u>       | <u>2,250,000</u>     |
|                        | <b>Subtotal</b>  | <b>\$246,250,000</b>      | <b>\$25,000,000</b> | <b>\$0</b>                       | <b>\$0</b>     | <b>\$0</b>     | <b>\$271,250,000</b> |

| <u>Budget Code</u>                   | <u>Project Title</u>                       | <u>Bonds</u><br><u>Go Bonds</u> | <u>Agency</u> | <u>Current Funds</u> |                     | <u>Federal</u>      | <u>Total</u>        |
|--------------------------------------|--|---------------------------------|---------------|----------------------|---------------------|---------------------|---------------------|
|                                      |  |                                 |               | <u>General</u>       | <u>Special</u>      |                     |                     |
| <b>Housing/Community Development</b> |  |                                 |               |                      |                     |                     |                     |
| DB01(A)                              | HSMCC: St. John's Archeological Site       | 5,700,000                       | 0             | 0                    | 0                   | 0                   | 5,700,000           |
| SA23(A)                              | DHCD: MHT Capital Grant                    | 700,000                         | 0             | 0                    | 0                   | 0                   | 700,000             |
| SA23(B)                              | DHCD: MHT Revolving Fund                   | 250,000                         | 0             | 0                    | 200,000             | 0                   | 450,000             |
| SA24(A)                              | DHCD: Community Legacy Program             | 5,000,000                       | 0             | 0                    | 0                   | 0                   | 5,000,000           |
| SA25(A)                              | DHCD: Rental Housing Program               | 7,409,000                       | 0             | 0                    | 4,247,000           | 0                   | 11,656,000          |
| SA25(B)                              | DHCD: Partnership Rental Program           | 6,000,000                       | 0             | 0                    | 0                   | 0                   | 6,000,000           |
| SA25(C)                              | DHCD: Homeownership Program                | 2,989,000                       | 0             | 0                    | 4,511,000           | 0                   | 7,500,000           |
| SA25(D)                              | DHCD: Shelter and Transitional Housing     | 1,000,000                       | 0             | 0                    | 0                   | 0                   | 1,000,000           |
| S00A2306                             | DHCD: Special Loans Program                | 0                               | 0             | 0                    | 7,350,000           | 1,200,000           | 8,550,000           |
| S00A2306                             | DHCD: Neighborhood Business Development    | 0                               | 0             | 0                    | 6,091,000           | 0                   | 6,091,000           |
| S00A2306                             | DHCD: Community Development Block Grants   | <u>0</u>                        | <u>0</u>      | <u>0</u>             | <u>0</u>            | <u>10,000,000</u>   | <u>10,000,000</u>   |
|                                      | <b>Subtotal</b>                            | <b>\$29,048,000</b>             | <b>\$0</b>    | <b>\$0</b>           | <b>\$22,399,000</b> | <b>\$16,844,000</b> | <b>\$68,291,000</b> |
| <b>Economic Development</b>          |  |                                 |               |                      |                     |                     |                     |
| DE02.01(M)                           | TEDCO: Technology Incubator                | 1,500,000                       | 0             | 0                    | 0                   | 0                   | 1,500,000           |
| TF00(A)                              | DBED: Economic Development Assistance Fund | <u>12,000,000</u>               | <u>0</u>      | <u>0</u>             | <u>11,750,000</u>   | <u>0</u>            | <u>23,750,000</u>   |
|                                      | <b>Subtotal</b>                            | <b>\$13,500,000</b>             | <b>\$0</b>    | <b>\$0</b>           | <b>\$11,750,000</b> | <b>\$0</b>          | <b>\$25,250,000</b> |
| <b>Local Projects</b>                |  |                                 |               |                      |                     |                     |                     |
| D06E02.01                            | Wheaton Multi-Purpose Youth Center         | 0                               | 0             | 200,000              | 0                   | 0                   | 200,000             |
| ZA00(A)                              | B&O Railroad Museum                        | 1,500,000                       | 0             | 0                    | 0                   | 0                   | 1,500,000           |
| ZA00(B)                              | Baltimore City West Side Revitalization    | 4,500,000                       | 0             | 0                    | 0                   | 0                   | 4,500,000           |
| ZA00(C)                              | Baltimore Zoo Facilities Renewal           | 750,000                         | 0             | 0                    | 0                   | 0                   | 750,000             |
| ZA00(D)                              | Catholic Charities – Our Daily Bread       | 2,000,000                       | 0             | 0                    | 0                   | 0                   | 2,000,000           |
| ZA00(E)                              | East Baltimore Biotechnology Park          | 4,500,000                       | 0             | 0                    | 0                   | 0                   | 4,500,000           |
| ZA00(F)                              | Kennedy Krieger Institute                  | 1,500,000                       | 0             | 0                    | 0                   | 0                   | 1,500,000           |

| <b>Budget<br/>Code</b>  | <b>Project Title</b>                      | <b>Bonds<br/>Go Bonds</b> | <b>Agency</b>        | <b>Current Funds</b> |                      | <b>Federal</b>       | <b>Total</b>           |
|-------------------------|---|---------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
|                         |   |                           |                      | <b>General</b>       | <b>Special</b>       |                      |                        |
| ZA00(K)                 | Maryland Science Center                   | 2,000,000                 | 0                    | 0                    | 0                    | 0                    | 2,000,000              |
| ZA00(L)                 | TEDCO Incubator Program                   | 1,000,000                 | 0                    | 0                    | 0                    | 0                    | 1,000,000              |
| ZA00(M)                 | National Aquarium in Baltimore            | 3,000,000                 | 0                    | 0                    | 0                    | 0                    | 3,000,000              |
| ZA00(N)                 | National Research Institute for the Blind | 1,500,000                 | 0                    | 0                    | 0                    | 0                    | 1,500,000              |
| ZA00(P)                 | Rockville Town Center Redevelopment       | 1,500,000                 | 0                    | 0                    | 0                    | 0                    | 1,500,000              |
| ZA00(Q)                 | Sheppard Pratt Hospital                   | 1,000,000                 | 0                    | 0                    | 0                    | 0                    | 1,000,000              |
| ZA00(R)                 | Strathmore Hall Performing Arts Center    | 2,000,000                 | 0                    | 0                    | 0                    | 0                    | 2,000,000              |
| ZZ00                    | Legislative Initiatives                   | <u>30,400,000</u>         | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>30,400,000</u>      |
|                         | <b>Subtotal</b>                           | <b>\$57,150,000</b>       | <b>\$0</b>           | <b>\$200,000</b>     | <b>\$0</b>           | <b>\$0</b>           | <b>\$57,350,000</b>    |
| <b>Subtotal</b>         |   | <b>\$663,663,000</b>      | <b>\$25,000,000</b>  | <b>\$1,200,000</b>   | <b>\$106,922,000</b> | <b>\$60,450,000</b>  | <b>\$857,260,250</b>   |
| <b>Transportation</b>   |   | \$0                       | \$205,000,000        | \$0                  | \$580,944,807        | \$661,153,000        | \$1,447,097,000        |
| <b>Deauthorizations</b> |   | -\$8,663,000              | \$0                  | \$0                  | \$0                  | \$0                  | \$0                    |
| <b>Grand Total</b>      |   | <b>\$655,000,000</b>      | <b>\$230,000,000</b> | <b>\$1,200,000</b>   | <b>\$687,866,807</b> | <b>\$721,603,000</b> | <b>\$2,295,669,807</b> |

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The General Assembly evaluated over 150 bond bill requests totaling over \$75 million during the 2004 legislative session. The Senate funded \$15.2 million in projects while the House of Delegates funded \$2.5 million in new projects and \$12.7 million in previously authorized projects. Individual bond bills were not acted upon by the legislature. Instead, the General Assembly amended the State's capital budget (**SB 191/Chapter 432**) to specifically list the funded projects. The exhibit below indicates the status of the bond bills funded in the session. The "Total" column on the right indicates the total amount of funding approved for each project in State bond funds.

### Exhibit 2.4 2004 Bond Funding

| <u>HB #</u> | <u>House Sponsor</u> | <u>SB #</u> | <u>Senator Sponsor</u> | <u>Project Title</u>                     | <u>County</u> | <u>Senate Funding</u> | <u>House Funding</u> | <u>CBRI*</u> | <u>Total Funding</u> |
|-------------|----------------------|-------------|------------------------|--|---------------|-----------------------|----------------------|--------------|----------------------|
| 286         | Boteler              | 364         | Harris                 | Franklin Square Hospital                 | Statewide     |                       |                      |              | \$209,000            |
| 197         | Aumann               | 84          | Brochin                | Greater Baltimore Medical Center         | Statewide     |                       |                      |              | 535,000              |
| 212         | Frank                | 207         | Brochin                | St. Joseph Medical Center                | Statewide     |                       |                      |              | 230,000              |
| 241         | Madaleno             | 130         | Grosfeld               | Holy Cross Health                        | Statewide     |                       |                      |              | 1,522,000            |
| 236         | Frush                | 270         | Currie                 | Laurel Regional Hospital                 | Statewide     |                       |                      |              | 675,000              |
| 161         | Niemann              | 104         | Britt                  | Prince George's Hospital Center          | Statewide     |                       |                      |              | 300,000              |
| 1408        | McHale               | 818         | Della                  | Baltimore Museum of Industry             | Statewide     |                       | \$150,000            |              | 150,000              |
| 420         | Proctor              | 146         | Kasemeyer              | Baltimore Zoo Trams                      | Statewide     | \$450,000             |                      |              | 450,000              |
| 1430        | Rosenberg            | 893         | McFadden               | Joseph Meyerhoff Symphony Hall           | Statewide     | 600,000               |                      |              | 600,000              |
| 646         | James                | 450         | Jones                  | Lyric Opera House                        | Statewide     |                       | 150,000              |              | 150,000              |
| 940         | Harrison             | 458         | McFadden               | Maryland School for the Blind            | Statewide     | 300,000               |                      |              | 300,000              |
| 1379        | DeBoy                | 829         | Klausmeier             | Maryland Food Bank                       | Statewide     | 962,000               |                      |              | 962,000              |
| 501         | Kaiser               | 556         | Kramer                 | National Capital Trolley Museum          | Statewide     | 75,000                |                      |              | 75,000               |
| 489         | Clagett              | 114         | Astle                  | Carrie Weedon Science Center             | Anne Arundel  |                       | 25,000               |              | 25,000               |
| 1456        | Busch                | 867         | Astle                  | Children's Theatre of Annapolis          | Anne Arundel  |                       | 100,000              |              | 100,000              |
| 758         | Clagett              | 494         | Astle                  | Eastport Fire Station and Paramedic Unit | Anne Arundel  | 250,000               |                      |              | 250,000              |
| 865         | Love                 | 398         | Jimeno                 | Emergency Operations Center              | Anne Arundel  | 75,000                | 50,000               |              | 125,000              |



| <b><u>HB #</u></b> | <b><u>House Sponsor</u></b> | <b><u>SB #</u></b> | <b><u>Senator Sponsor</u></b> | <b><u>Project Title</u></b>                      | <b><u>County</u></b> | <b><u>Senate Funding</u></b> | <b><u>House Funding</u></b> | <b><u>CBRI*</u></b> | <b><u>Total Funding</u></b> |
|--------------------|-----------------------------|--------------------|-------------------------------|--|----------------------|------------------------------|-----------------------------|---------------------|-----------------------------|
| 1516               | Cadden                      | 913                | Jimeno                        | Marley Neck School Center                        | Anne Arundel         | 50,000                       |                             | 150,000             | 200,000                     |
|                    |                             |                    |                               | Maryland Fire-Rescue Services Memorial Sculpture | Anne Arundel         |                              |                             | 200,000             | 200,000                     |
| 1170               | Busch                       | 763                | Astle                         | Maryland Hall for the Creative Arts              | Anne Arundel         |                              | 150,000                     |                     | 150,000                     |
|                    |                             |                    |                               | Mount Olive Community Life Center                | Anne Arundel         |                              |                             | 300,000             | 300,000                     |
| 862                | Love                        | 213                | DeGrange                      | Odenton Heritage Complex                         | Anne Arundel         | 250,000                      |                             |                     | 250,000                     |
|                    |                             |                    |                               | Salvation Army Centennial Wing                   | Anne Arundel         |                              |                             | 250,000             | 250,000                     |
|                    |                             |                    |                               | Baltimore Center for Children                    | Baltimore City       |                              |                             | 400,000             | 400,000                     |
| 1075               | Rosenberg                   | 656                | Gladden                       | Baltimore Clayworks                              | Baltimore City       | 100,000                      |                             |                     | 100,000                     |
|                    |                             |                    |                               | Baltimore Medical System                         | Baltimore City       |                              |                             | 200,000             | 200,000                     |
| 1105               | Paige                       | 806                | Jones                         | Bethel A.M.E. Museum & Cyber Comm. Center        | Baltimore City       | 250,000                      |                             |                     | 250,000                     |
| 826                | McHale                      | 336                | Della                         | Carroll Mansion Museum                           | Baltimore City       | 75,000                       |                             |                     | 75,000                      |
| 788                | Marriott                    | 742                | Hughes                        | Center for Poverty Solutions                     | Baltimore City       | 250,000                      |                             |                     | 250,000                     |
|                    |                             |                    |                               | Chase Brexton Health Services, Inc.              | Baltimore City       |                              |                             | 100,000             | 100,000                     |
| 1424               | Harrison                    | 880                | McFadden                      | Dallas Street Community Educational Center       | Baltimore City       | 300,000                      |                             |                     | 300,000                     |
|                    |                             |                    |                               | Dr. Bob's Place                                  | Baltimore City       |                              |                             | 200,000             | 200,000                     |
| 910                | Kirk                        | 776                | Jones                         | Family Life Project                              | Baltimore City       | 150,000                      | 120,000                     |                     | 270,000                     |
|                    |                             |                    |                               | Grace and Saint Peter's School                   | Baltimore City       |                              |                             | 250,000             | 250,000                     |
| 1385               | Branch                      | 872                | McFadden                      | Great Blacks in Wax Museum                       | Baltimore City       | 300,000                      |                             |                     | 300,000                     |
|                    |                             |                    |                               | Hearing and Speech Agency                        | Baltimore City       |                              |                             | 350,000             | 350,000                     |
|                    |                             |                    |                               | I Can't We Can                                   | Baltimore City       |                              |                             | 500,000             | 500,000                     |
| 839                | McIntosh                    | 407                | Conway                        | League for People with Disabilities              | Baltimore City       | 50,000                       |                             | 500,000             | 550,000                     |
| 1439               | Oaks                        | 757                | Gladden                       | Lyndhurst Recreation Center                      | Baltimore City       | 100,000                      |                             |                     | 100,000                     |
| 1077               | Marriott                    | 890                | Hughes                        | Moveable Feast                                   | Baltimore City       |                              | 175,000                     |                     | 175,000                     |
| 466                | Doory                       | 252                | Conway                        | Northwood Baseball Little League                 | Baltimore City       | 200,000                      |                             |                     | 200,000                     |
| 1472               | McIntosh                    | 888                | Gladden                       | Outward Bound Leakin Park Project                | Baltimore City       | 100,000                      |                             |                     | 100,000                     |
| 824                | Hammen                      | 337                | Della                         | Polish Home Hall Cultural Center                 | Baltimore City       | 150,000                      |                             |                     | 150,000                     |
|                    |                             |                    |                               | Tutu's Place                                     | Baltimore City       |                              |                             | 175,000             | 175,000                     |
| 919                | Jones                       | 765                | Kelley                        | Children's Home                                  | Baltimore            | 250,000                      | 200,000                     |                     | 450,000                     |
| 1420               | Minnick                     | 814                | Stone                         | Eastern Regional Trail Network                   | Baltimore            | 250,000                      |                             |                     | 250,000                     |

| <u>HB #</u> | <u>House Sponsor</u> | <u>SB #</u> | <u>Senator Sponsor</u> | <u>Project Title</u>                             | <u>County</u> | <u>Senate Funding</u> | <u>House Funding</u> | <u>CBRI*</u> | <u>Total Funding</u> |
|-------------|----------------------|-------------|------------------------|--|---------------|-----------------------|----------------------|--------------|----------------------|
| 1417        | Minnick              | 816         | Stone                  | Inverness Community Center                       | Baltimore     | 700,000               |                      |              | 700,000              |
|             |                      |             |                        | Irvine Nature Center                             | Baltimore     |                       |                      | 200,000      | 200,000              |
| 1028        | DeBoy                | 751         | Kasemeyer              | Landsdowne Athletic Facility                     | Baltimore     |                       | 125,000              |              | 125,000              |
|             |                      |             |                        | Odyssey School                                   | Baltimore     |                       |                      | 500,000      | 500,000              |
| 1419        | Minnick              | 817         | Stone                  | Recreation Facilities Revitalization             | Baltimore     | 800,000               |                      |              | 800,000              |
| 1063        | Owings               | 506         | Miller                 | Boys and Girls Club of So. Maryland Expansion    | Calvert       | 500,000               |                      |              | 500,000              |
| 1534        | Eckardt              | 915         | Pipkin                 | National Guard Armory                            | Caroline      |                       | 100,000              |              | 100,000              |
|             |                      |             |                        | Old Schoolhouse Redevelopment                    | Caroline      |                       |                      | 100,000      | 100,000              |
| 1340        | Delegation           | 793         | Senators               | Carroll Hospice                                  | Carroll       | 100,000               |                      | 500,000      | 600,000              |
|             |                      |             |                        | Goodwill Industries of Monocacy Valley           | Carroll       |                       |                      | 100,000      | 100,000              |
| 467         | Rudolph              | 283         | Jacobs                 | Historic Tome School                             | Cecil         |                       | 100,000              |              | 100,000              |
|             |                      | 374         | Middleton              | African American Heritage Society                | Charles       | 300,000               |                      |              | 300,000              |
|             |                      |             |                        | Thomas Stone H. S. Swimming Pool Complex         | Charles       |                       |                      | 500,000      | 500,000              |
|             |                      | 755         | Middleton              | Veterans Memorial                                | Charles       | 50,000                |                      |              | 50,000               |
| 50          | Eckardt              | 669         | Colburn                | Dorchester County Historical Society             | Dorchester    | 250,000               |                      |              | 250,000              |
| 1470        | Eckardt              | 901         | Colburn                | YMCA   | Dorchester    | 10,000                |                      |              | 10,000               |
| 685         | Delegation           | 852         | Brinkley               | American Red Cross                               | Frederick     | 350,000               |                      | 250,000      | 600,000              |
|             |                      |             |                        | PAL Center at Sagner                             | Frederick     |                       |                      | 50,000       | 50,000               |
|             |                      |             |                        | Garrett County Exhibition Hall                   | Garrett       |                       |                      | 300,000      | 300,000              |
| 809         | Edwards              | 609         | Hafer                  | Salem School                                     | Garrett       | 425,000               | 75,000               |              | 500,000              |
|             |                      |             |                        | Boys and Girls Club                              | Harford       |                       |                      | 140,000      |                      |
| 1266        | Delegation           | 590         | Senators               | Sexual Assault/Spousal Abuse Resource Ctr.       | Harford       | 150,000               |                      |              |                      |
| 222         | Delegation           | 347         | Kittleman              | Blandair Mansion                                 | Howard        | 500,000               |                      |              |                      |
|             |                      |             |                        | Kent County Recreation and Community Complex     | Kent          |                       |                      | 500,000      | 500,000              |
|             |                      |             |                        | Black Rock Center for the Arts                   | Montgomery    |                       |                      | 300,000      | 300,000              |
| 1466        | Barkley              | 813         | Hogan                  | Boys and Girls Club Gymnasium                    | Montgomery    | 500,000               |                      |              | 500,000              |
|             |                      |             |                        | Chelsea School                                   | Montgomery    |                       |                      | 300,000      | 300,000              |
|             |                      |             |                        | Community Serv. for Autistic Adults and Children | Montgomery    |                       |                      | 300,000      | 300,000              |

| <u>HB #</u> | <u>House Sponsor</u> | <u>SB #</u> | <u>Senator Sponsor</u> | <u>Project Title</u>                              | <u>County</u>   | <u>Senate Funding</u> | <u>House Funding</u> | <u>CBRI*</u> | <u>Total Funding</u> |
|-------------|----------------------|-------------|------------------------|---|-----------------|-----------------------|----------------------|--------------|----------------------|
| 226         | Hixson               | 306         | Ruben                  | Easter Seals Inter-Generational Ctr. & Reg. HQ    | Montgomery      | 100,000               | 100,000              |              | 200,000              |
|             |                      |             |                        | Gaithersburg Youth Center                         | Montgomery      |                       |                      | 300,000      | 300,000              |
| 974         | Heller               | 462         | Teitelbaum             | Goodwill Industries Intl. Member Services Center  | Montgomery      | 100,000               |                      |              | 100,000              |
| 1399        | Bronrott             | 864         | Frosh                  | Imagination Stage                                 | Montgomery      | 100,000               |                      | 300,000      | 400,000              |
|             |                      |             |                        | Joshua Group Ministries                           | Montgomery      |                       |                      | 175,000      | 175,000              |
| 249         | Madaleno             | 107         | Grosfeld               | Kensington Recreation Center                      | Montgomery      | 100,000               |                      |              | 100,000              |
| 1366        | Gordon               | 314         | Forehand               | Lone Oak  | Montgomery      | 250,000               |                      |              | 250,000              |
| 370         | Mandel               | 155         | Teitelbaum             | Melvin J. Berman Hebrew Academy Auditorium        | Montgomery      | 150,000               |                      |              | 150,000              |
| 1372        | Taylor               | 705         | Kramer                 | Olney Skate Park                                  | Montgomery      | 350,000               |                      |              | 350,000              |
| 1291        | Montgomery           | 555         | Kramer                 | Our House Youth Home                              | Montgomery      | 25,000                |                      | 200,000      | 225,000              |
|             |                      |             |                        | Sandy Spring Slave Museum and African Art Gallery | Montgomery      |                       |                      | 75,000       | 75,000               |
| 1465        | Barkley              | 838         | Hogan                  | South Valley Park                                 | Montgomery      | 50,000                |                      |              | 50,000               |
| 1371        | Franchot             | 809         | Ruben                  | Takoma Park Community Learning Center             | Montgomery      | 300,000               |                      |              | 300,000              |
| 639         | Goldwater            | 475         | Frosh                  | Volunteer and Training Center                     | Montgomery      | 250,000               |                      |              | 250,000              |
| 237         | Madaleno             | 106         | Grosfeld               | Wheaton Multi-Service Youth Facility              | Montgomery      | 100,000               | 200,000              |              | 300,000              |
|             |                      |             |                        | Whitman-Walker Clinic                             | Montgomery      |                       |                      | 200,000      | 200,000              |
| 407         | Parker               | 216         | Britt                  | African Amer. Cult. Heritage Ctr. at N. Brentwood | Prince George's | 250,000               |                      |              | 250,000              |
|             |                      |             |                        | Anacostia Watershed Society                       | Prince George's |                       |                      | 100,000      | 100,000              |
|             |                      |             |                        | Bethel Recreation Center                          | Prince George's |                       |                      | 250,000      | 250,000              |
| 656         | Conroy               | 94          | Green                  | Bowie Center for the Performing Arts              | Prince George's | 250,000               |                      | 200,000      | 450,000              |
| 1506        | V. Turner            | 909         | Lawlah                 | Camp Springs Boys and Girls Club                  | Prince George's | 150,000               |                      |              | 150,000              |
|             |                      |             |                        | Cheverly Community Center                         | Prince George's |                       |                      | 100,000      | 100,000              |
| 167         | Menes                | 14          | Giannetti              | College Park City Hall                            | Prince George's | 100,000               |                      |              | 100,000              |
|             |                      |             |                        | Community Crisis Center                           | Prince George's |                       |                      | 100,000      | 100,000              |
| 1374        | D. Davis             | 824         | Currie                 | Concorde Mansion                                  | Prince George's | 700,000               |                      |              | 700,000              |
| 1380        | Griffith             | 897         | Currie                 | District Heights Street Lights                    | Prince George's | 25,000                | 25,000               |              | 50,000               |
|             |                      |             |                        | Ebenezer Community Life Center                    | Prince George's |                       |                      | 200,000      | 200,000              |

| <u>HB #</u> | <u>House Sponsor</u> | <u>SB #</u> | <u>Senator Sponsor</u> | <u>Project Title</u>                              | <u>County</u>   | <u>Senate Funding</u> | <u>House Funding</u> | <u>CBRI*</u>        | <u>Total Funding</u> |
|-------------|----------------------|-------------|------------------------|---|-----------------|-----------------------|----------------------|---------------------|----------------------|
| 553         | Howard               | 253         | Exum                   | Friends of Pullen Performing Arts Center          | Prince George's | 250,000               |                      |                     | 250,000              |
| 1426        | Howard               | 759         | Lawlah                 | Ivy Youth and Family Center                       | Prince George's | 300,000               | 200,000              |                     | 500,000              |
| 242         | Frush                | 235         | Giannetti              | Laurel Senior Center                              | Prince George's | 150,000               |                      |                     | 150,000              |
| 616         | Vallario             | 369         | Miller                 | Marlton Gazebo                                    | Prince George's | 100,000               |                      |                     | 100,000              |
|             |                      |             |                        | Melwood Horticultural Training Center Facilities  | Prince George's |                       |                      | 200,000             | 200,000              |
| 1460        | Brown                | 870         | Currie                 | Mission of Love                                   | Prince George's |                       | 100,000              |                     | 100,000              |
|             |                      |             |                        | Sojourner Truth Collection                        |                 |                       |                      | 200,000             | 200,000              |
|             |                      |             |                        | Historic Christ Church                            | Queen Anne's    |                       |                      | 167,500             | 167,500              |
| 603         | Sossi                | 524         | Pipkin                 | Hospice House                                     | Queen Anne's    | 150,000               |                      |                     | 150,000              |
| 1494        | Bohanan              | 89          | Dyson                  | Old Carvers Hgts. – S. Hampton Comm. Village      | St. Mary's      | 250,000               |                      |                     | 250,000              |
|             |                      |             |                        | Patuxent River Naval Air Museum and Visitors Ctr. | St. Mary's      |                       |                      | 225,000             | 225,000              |
| 1495        | Bohanan              | 926         | Dyson                  | Piney Point Lighthouse Museum                     | St. Mary's      |                       | 100,000              |                     | 100,000              |
| 326         | Elmore               | 258         | Stoltzfus              | Agricultural and Civic Center                     | Somerset        | 18,000                |                      | 25,000              | 43,000               |
|             |                      |             |                        | Alice B. Tawes Nursing Home                       | Somerset        |                       |                      | 500,000             | 500,000              |
|             |                      |             |                        | Academy Art Museum                                | Talbot          |                       |                      | 300,000             | 300,000              |
|             |                      |             |                        | American Red Cross                                | Washington      |                       |                      | 250,000             | 250,000              |
| 550         | Delegation           | 103         | Munson                 | Barbara Ingram School for the Arts                | Washington      | 400,000               |                      |                     | 400,000              |
|             |                      |             |                        | Boys and Girls Club of Washington County          | Washington      |                       |                      | 100,000             | 100,000              |
|             |                      |             |                        | Cumberland Valley Technology Center               | Washington      |                       |                      | 200,000             | 200,000              |
|             |                      |             |                        | Girls, Inc.                                       | Washington      |                       |                      | 200,000             | 200,000              |
| 1253        | Conway               | 682         | Colburn                | Boulevard Theatre Performing Arts Complex         | Wicomico        |                       | 175,000              |                     | 175,000              |
|             |                      |             |                        | Salisbury City Park                               | Wicomico        |                       |                      | 150,000             | 150,000              |
| 1413        | Conway               |             |                        | Youth and Civic Center                            | Wicomico        |                       | 80,000               | 217,500             | 297,500              |
| 149         | Bozman               | 505         | Stoltzfus              | Pocomoke City Fair                                | Worcester       | 60,000                |                      |                     | 60,000               |
|             |                      |             |                        | Pocomoke River Discovery Center                   | Worcester       |                       |                      | 150,000             | 150,000              |
|             |                      |             |                        |   |                 | <b>\$15,200,000</b>   | <b>\$2,500,000</b>   | <b>\$12,700,000</b> | <b>\$30,400,000</b>  |

\*CRBI: Community Based Regional Initiatives (approved in 2003; funded in 2004)

## Debt Affordability

In its September 2002 report, the Capital Debt Affordability Committee (CDAC) indicated that after two years of authorization in excess of \$700 million, future authorizations would revert to their former levels. General obligation debt authorizations for both fiscal 2003 and 2004 were increased to accommodate projects previously authorized to utilize PAYGO general funds. This would have meant a \$555 million authorization for the 2004 session. However, concerns were expressed that the level of debt proposed by CDAC in 2002 was insufficient to meet the State's needs. It was noted that spending pressures, such as prior commitments and the Administration's priorities, exceeded the resources available for the capital program. To meet these needs, the committee recommended increasing the amount of general obligation debt authorized by \$95 million and excluding \$5 million for tobacco buyout bonds annually from fiscal 2005 to 2009.

**Exhibit 2.5** compares the levels and ratios reported for debt outstanding and debt service for both the 2002 and 2003 *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*. In both cases, the State is well within the debt limits. As with the CDAC analysis, the debt outstanding and debt service includes general obligation bonds, transportation bonds, Stadium Authority Debt, and capital leases.

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**Exhibit 2.5**  
**Capital Debt Affordability Committee**  
**Comparison of 2002 and 2003 Recommendations**  
**Fiscal 2005 – 2009**

| <u>Fiscal Year</u> | <b>2002 Debt Levels</b>                            |                          |                    |                     |                             | <b>2003 Recommendation</b> |                          |                    |                   |                             |
|--------------------|--|--------------------------|--------------------|---------------------|-----------------------------|----------------------------|--------------------------|--------------------|-------------------|-----------------------------|
|                    | <b>Analyzed under Current Financial Conditions</b> |                          |                    |                     |                             |                            |                          |                    |                   |                             |
|                    | <u>New GO Auth.</u>                                | <u>Debt Out-standing</u> | <u>Debt/ P. I.</u> | <u>Debt Service</u> | <u>Debt Serv./ Tax Rev.</u> | <u>New GO Auth.</u>        | <u>Debt Out-standing</u> | <u>Debt/ P. I.</u> | <u>Debt Serv.</u> | <u>Debt Serv./ Tax Rev.</u> |
| 2005               | \$555  | \$6,525                  | 2.90%              | \$820               | 6.45%                       | \$655                      | \$6,556                  | 2.92%              | \$820             | 6.45%                       |
| 2006               | 570  | 6,716                    | 2.84%              | 834                 | 6.23%                       | 670                        | 6,803                    | 2.88%              | 836               | 6.25%                       |
| 2007               | 585  | 6,848                    | 2.75%              | 848                 | 6.07%                       | 685                        | 7,011                    | 2.81%              | 854               | 6.11%                       |
| 2008               | 600  | 6,961                    | 2.65%              | 877                 | 6.00%                       | 700                        | 7,213                    | 2.74%              | 888               | 6.07%                       |
| 2009               | 615  | 7,081                    | 2.55%              | 920                 | 6.02%                       | 715                        | 7,428                    | 2.68%              | 940               | 6.15%                       |

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The Governor's capital budget as introduced required \$655 million in net new general obligation debt. The budget as passed by the General Assembly includes \$655 million in net new general obligation debt, consistent with the recommendation of CDAC and the Spending Affordability Committee. This budget contains general obligation bond funding for a number of capital programs that are typically funded with PAYGO including programs administered by the Department of Housing and Community Development, Environment, Natural Resources, and Business and Economic Development.

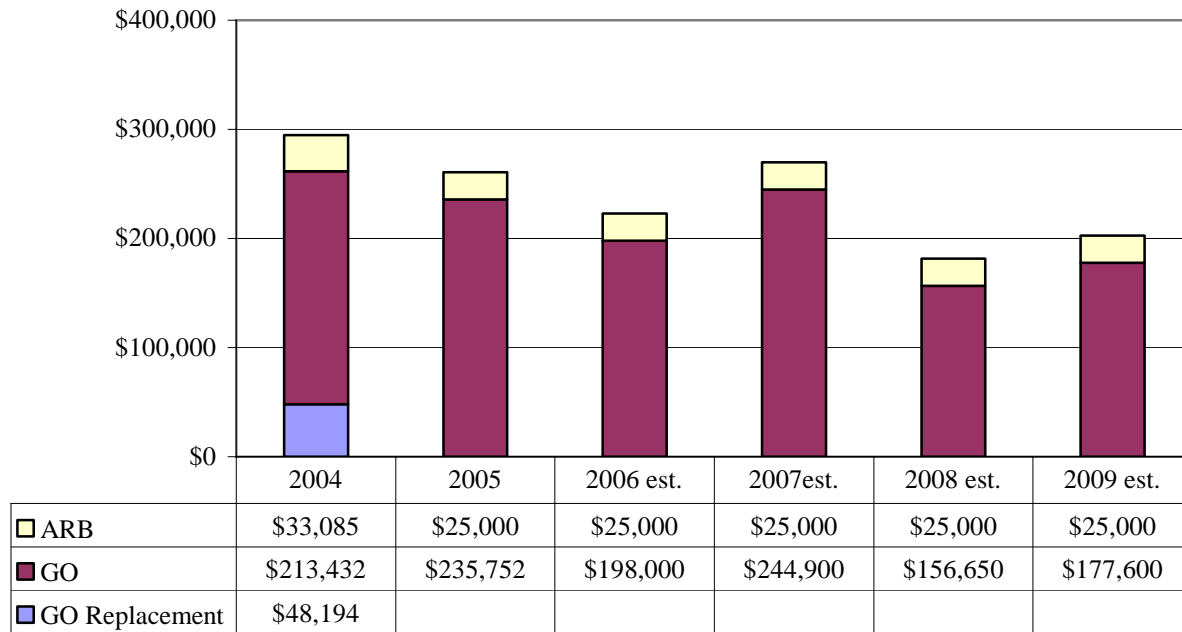
## **Debt Management**

Chapter 153 of 2003 specifies that the authority to spend an appropriation for a capital project terminates seven years after the effective date of the appropriation act that authorized the project unless (1) the appropriation act provides otherwise or (2) in an emergency the Board of Public Works (BPW) unanimously grants a temporary exception for one year. This termination applies to appropriations and authorizations of State debt as codified in Section 7-305 (D) (3) and Section 8-128 (C) of the State Finance and Procurement Article. **SB 713/Chapter 135** as amended exempts allocated State funds for local Program Open Space and any unspent funds within the Ocean Beach Replenishment Fund from the seven-year termination statutory provisions.

## **Higher Education**

The fiscal 2005 capital program for all segments of higher education is \$261.3 million, including general obligation bonds and academic revenue bonds. The Capital Improvement Program (CIP), after legislative changes to fiscal 2005, shows \$1.138 billion in capital spending for higher education projects over the fiscal 2005 through 2009 period. **Exhibit 2.6** shows the fiscal 2004 and 2005 legislative appropriation for higher education capital and the funding anticipated in CIP for fiscal 2006 through 2008. **Exhibit 2.7** shows the fiscal 2005 allocation of capital funding by institution.

**Exhibit 2.6**  
**Higher Education Fiscal 2004 – 2009**  
**Authorized and Planned Out-year Capital Funding**  
**(\$ in Thousands)**



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**Exhibit 2.7**  
**Higher Education**  
**Fiscal 2005 Allocation of Capital Funding by Institution**  
**(\$ in Thousands)**

| <b><u>Institution</u></b>                      | <b><u>Fiscal 2005<br/>Capital Funding</u></b> |
|--|---|
| University of Maryland, Baltimore              | \$23,665                                      |
| University of Maryland, College Park           | 58,205  |
| Bowie State University                         | 17,550  |
| Towson University                              | 7,817   |
| University of Maryland, Eastern Shore          | 3,063   |
| Coppin State College                           | 19,848  |
| Salisbury University                           | 3,009   |
| University of Maryland, Baltimore County       | 3,000   |
| University of Maryland Biotechnology Institute | 5,000   |
| University System of Maryland                  | 15,000  |
| Baltimore City Community College               | 14,675  |
| St. Mary's College of Maryland                 | 26,685  |
| Community Colleges                             | 46,981  |
| Morgan State University                        | 7,252   |
| Independent Colleges                           | 8,500   |
| <b>Total</b>                                   | <b>\$261,250</b>                              |

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### **Public School Construction**

The fiscal 2005 capital budget includes \$116.6 million for public school construction. BPW allocated \$75.5 million of the \$116.6 million in January 2004. The remaining \$41.1 million plus \$9.3 million in recycled funding was allocated by BPW in May 2004. **Exhibit 2.8** shows the current allocations for each jurisdiction.

The new funding consists of \$114.2 million in general obligation bonds and \$2.4 million in special fund PAYGO for new construction projects, systemic renovation projects, renovated high school science facilities, relocatable classroom repair, upgrade and moving costs, and improvements and repairs to existing school buildings under the Aging School Program.

The \$2.4 million in special fund PAYGO is from the Maryland Stadium Authority (MSA) pursuant to Section 13-715.2 of the Financial Institutions Article which requires MSA to



annually contribute \$2.4 million for public school construction in each of fiscal 2001 through 2010.

In addition to the \$1.6 million of general obligation bond funds provided for the Aging School Program, the fiscal 2005 operating budget includes an additional \$8.77 million to support this program. The operating budget also contains \$4.4 million in general funds for a lease repayment on funds borrowed to wire all schools for technology under the Technology in Maryland Schools Program.

School construction spending should increase substantially under the goals established by **SB 787/HB 1230 (Chapters 306 and 307)**. The bills set as a goal the authorization of \$3.85 billion for school construction over the next eight years, \$2.0 billion (\$250 million per year) in State financing and the remainder from the counties.

**Exhibit 2.8**  
**Public School Construction Allocations**  
(\$ in Thousands)

| <b><u>LEA</u></b> | <b><u>FY 2005 Allocation</u></b> |
|-------------------|----------------------------------|
| Allegany          | \$125                            |
| Anne Arundel      | 7,329                            |
| Baltimore City    | 11,483                           |
| Baltimore County  | 11,563                           |
| Calvert           | 7,344                            |
| Caroline          | 269                              |
| Carroll           | 6,768                            |
| Cecil             | 8,246                            |
| Charles           | 6,400                            |
| Dorchester        | 991                              |
| Frederick         | 9,657                            |
| Garrett           | 1,098                            |
| Harford           | 7,439                            |
| Howard            | 8,800                            |
| Kent              | 555                              |
| Montgomery        | 9,036                            |
| Prince George's   | 10,174                           |
| Queen Anne's      | 338                              |
| St. Mary's        | 5,883                            |
| Somerset          | 3,612                            |
| Talbot            | 0                                |
| Washington        | 2,375                            |
| Wicomico          | 3,993                            |
| Worcester         | 2,400                            |
| <b>Total</b>      | <b>\$125,878</b>                 |

Source: Department of Legislative Services and the *Fiscal 2005 Public School Construction Capital Improvement Program*

## Transfer Tax

In light of the fiscal condition of the State, nearly all fiscal 2005 transfer tax revenue (\$147,374,444) will be transferred to the general fund. In addition, \$41,886,000 in transfer tax revenue generated in fiscal 2004 over the estimated collection amount will be transferred to the general fund in fiscal 2005. The programs funded by the transfer tax that will be impacted by these transfers include the following: Program Open Space, Maryland Agricultural Land Preservation Foundation, Rural Legacy, and the Heritage Conservation Fund. To partially offset this diversion of special funds, the fiscal 2005 general obligation bond program includes funding for many of these programs. **Exhibit 2.9** shows how the programs traditionally supported with transfer tax revenue are funded in fiscal 2005.

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| <b>Exhibit 2.9</b><br><b>Programs Traditionally Funded with Transfer Tax Revenue</b> |                                 |                          |                    |                     |                     |
|--|---------------------------------|--------------------------|--------------------|---------------------|---------------------|
|  | <b>Transfer Tax<br/>Special</b> | <b>Other<br/>Special</b> | <b>Federal</b>     | <b>GO<br/>Bonds</b> | <b>Total</b>        |
| <b>Department of Natural Resources</b>   |                                 |                          |                    |                     |                     |
| Program Open Space   |                                 |                          |                    |                     |                     |
| State  | \$1,000,000                     | \$0                      | \$1,000,000        | \$0                 | \$2,000,000         |
| Local  | 0                               | 0                        | 1,000,000          | 15,000,000          | 16,000,000          |
| Critical Maintenance/Improvements  | 3,863,000                       | 0                        | 0                  | 3,572,000           | 7,435,000           |
| Rural Legacy   | 0                               | 0                        | 0                  | 2,000,000           | 2,000,000           |
| Heritage Conservation Fund   | 0                               | 0                        | 0                  | 0                   | 0                   |
| <b>Department Housing/Community Development</b>                                      |                                 |                          |                    |                     |                     |
| Heritage Areas Authority   | 1,000,000                       | 0                        | 0                  | 0                   | 1,000,000           |
| <b>Department of Agriculture</b>   |                                 |                          |                    |                     |                     |
| Agricultural Land Preservation   | 0                               | 8,580,000                | 3,500,000          | 5,000,000           | 17,080,000          |
| <b>Total</b>   | <b>\$5,863,000</b>              | <b>\$8,580,000</b>       | <b>\$5,500,000</b> | <b>25,572,000</b>   | <b>\$45,515,000</b> |

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## **Chapter Three – Impact of Legislation on State Revenues and Expenditures**

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



## Legislation Affecting State Revenues

|              | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                                 |
|--------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>SB 27</b> | <b>Alcoholic Beverages - Winery Special Event and Charity Wine Auction Permits (Ch. 79)</b>                   |                |                |                |                |                |   |
|              | GF  | (\$460)        | (\$460)        | (\$460)        | (\$460)        | (\$460)        |   |
| <b>SB 51</b> | <b>Agriculture - State Board of Veterinary Medical Examiners Fund (Ch. 245)</b>                               |                |                |                |                |                |   |
|              | GF  | (\$220,000)    | (\$220,000)    | (\$220,000)    | (\$220,000)    | (\$220,000)    |   |
|              | SF  | \$415,850      | \$415,850      | \$415,850      | \$415,850      | \$415,850      |   |
| <b>SB 59</b> | <b>Natural Resources - Hunting Licenses - Licensing Procedures and Shoreline Licenses (Ch. 85)</b>            |                |                |                |                |                |   |
|              | SF  | \$72,000       | (\$33,840)     | (\$34,920)     | \$72,000       | (\$33,840)     |   |
| <b>SB 65</b> | <b>Environment - Water Quality - Penalties (Ch. 21)</b>   |                |                |                |                |                |   |
|              | SF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                |
| <b>SB 68</b> | <b>Income Tax - Police, Fire, Rescue, and Emergency Personnel in an Emergency or a Disaster Area (Ch. 22)</b> |                |                |                |                |                |   |
|              | GF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal personal income tax revenues. |
| <b>SB 69</b> | <b>Income Tax - Time for Filing Quarterly Income Tax Withholding Returns (Ch. 23)</b>                         |                |                |                |                |                |   |
|              | GF  | \$86,300       | \$86,300       | \$86,300       | \$86,300       | \$86,300       |   |
| <b>SB 76</b> | <b>Recordation Tax - Refinancing Instrument - Trusts (Ch. 248)</b>  |                |                |                |                |                |   |
|              | GF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal recordation fees.             |
| <b>SB 88</b> | <b>Commercial Law - Maryland Telephone Consumer Protection Act (Ch. 437)</b>                                  |                |                |                |                |                |   |
|              | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal cost recoveries.              |

## Legislation Affecting State Revenues

|                      | <u>Fund</u>  | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                          |
|----------------------|--|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 99</b>         | <b>Residential Child Care Programs - Certification of Program Administrator (Ch. 438)</b>  |                |                |                |                |                |  |
|                      | GF   | \$0            | \$0            | \$0            | \$91,458       | \$0            | Reimbursement for start-up costs.        |
|                      | SF   | \$0            | \$0            | \$0            | \$300,000      | \$0            | Fee revenues.                            |
| <b>SB 131/HB 845</b> | <b>Maryland Health Care Commission and Maryland Insurance Administration - Affordability of Health Insurance in Maryland - Study and Recommendations (Ch. 93/94)</b> |                |                |                |                |                |  |
|                      | SF   | \$100,000      | \$100,000      | \$0            | \$0            | \$0            | SF expenditures increase by same amount. |
| <b>SB 182</b>        | <b>Water Quality Improvement Act - Nutrient Management (Ch. 433)</b>   |                |                |                |                |                |  |
|                      | GF   | \$24,250       | \$8,500        | (\$23,250)     | \$23,750       | \$8,500        |  |
| <b>SB 186/HB 294</b> | <b>Brownfields Redevelopment Reform Act (Ch. 72/73)</b>  |                |                |                |                |                |  |
|                      | SF   | \$252,000      | \$336,000      | \$336,000      | \$336,000      | \$336,000      |  |
| <b>SB 187</b>        | <b>Office of the Comptroller - Tax Compliance - Settlement Period (Ch. 557)</b>  |                |                |                |                |                |  |
|                      | GF/SF  | indet.         | indet.         | indet.         | indet.         | indet.         | Corporate income tax revenues.           |
| <b>SB 194/HB 295</b> | <b>Crimes - Substance Abuse - Parole - Civil Commitment - Diversion (Ch. 237/238)</b>  |                |                |                |                |                |  |
|                      | SF   | increase       | increase       | increase       | increase       | increase       | Administrative fee revenues.             |
| <b>SB 231</b>        | <b>Harford County and Cecil County - Bookstores and Entertainment Venues - Minors (Ch. 444)</b>  |                |                |                |                |                |  |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.         |
| <b>SB 238</b>        | <b>Insurance - Surplus Lines Brokers - Policy and Inspection Fees (Ch. 256)</b>  |                |                |                |                |                |  |
|                      | SF   | increase       | increase       | increase       | increase       | increase       | Minimal filing fee revenues.             |



## Legislation Affecting State Revenues

|                      | <u>Fund</u>  | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                  |
|----------------------|--|----------------|----------------|----------------|----------------|----------------|----------------------------------|
| <b>SB 276</b>        | <b>Commercial Law - Interest on Abandoned Property (Ch. 110)</b>   |                |                |                |                |                |                                  |
|                      | GF   | \$150,000      | \$150,000      | \$150,000      | \$150,000      | \$150,000      |                                  |
| <b>SB 280</b>        | <b>Vehicle Laws - Failing to Stop for a School Vehicle with Activated Flashing Lights - Penalties (Ch. 111)</b>        |                |                |                |                |                |                                  |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues. |
| <b>SB 316</b>        | <b>Court Fees and Costs - Civil Cases - Maryland Legal Services Corporation Fund (Ch. 448)</b>                         |                |                |                |                |                |                                  |
|                      | SF   | \$4,950,000    | \$4,950,000    | \$4,950,000    | \$4,950,000    | \$4,950,000    |                                  |
| <b>SB 320</b>        | <b>Water Pollution - State Waters - The Bay Restoration Fund (Ch. 428)</b>   |                |                |                |                |                |                                  |
|                      | SF   | \$29,746,472   | \$67,615,701   | \$70,323,287   | \$70,323,287   | \$70,323,287   |                                  |
|                      | BOND   | \$0            | \$0            | \$147,750,000  | \$295,500,000  | \$246,250,000  |                                  |
| <b>SB 335</b>        | <b>Security Guards - Certification Renewal - Late Fees (Ch. 266)</b>   |                |                |                |                |                |                                  |
|                      | GF   | decrease       | decrease       | decrease       | decrease       | decrease       | Minimal late fee revenues.       |
| <b>SB 355/HB 316</b> | <b>Criminal Law - Resisting or Interfering with Arrest (Ch. 118/119)</b>   |                |                |                |                |                |                                  |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues. |
| <b>SB 365/HB 24</b>  | <b>Criminal Law - Animal Cruelty - Dogfighting and Cockfighting (Ch. 120/121)</b>                                      |                |                |                |                |                |                                  |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues. |
| <b>SB 405/HB 602</b> | <b>State Board of Nursing - Nursing Assistants and Medication Technicians - Miscellaneous Provisions (Ch. 455/456)</b> |                |                |                |                |                |                                  |
|                      | SF   | \$559,060      | \$160,000      | \$545,740      | \$270,400      | \$447,850      |                                  |

## Legislation Affecting State Revenues

|               | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                                     |
|---------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>SB 431</b> | <b>State Treasury - Undeliverable Checks Fund (Ch. 274)</b>   |                |                |                |                |                |   |
|               | GF  | \$0            | \$0            | \$0            | \$0            | \$0            | Potential significant one-time transfer in FY 2004. |
| <b>SB 433</b> | <b>General Obligation Bonds - Payment and Accounting for Principal and Interest (Ch. 124)</b>                                   |                |                |                |                |                |   |
|               | GF  | \$0            | \$0            | \$0            | increase       | increase       | Potential abandoned property collections.           |
| <b>SB 437</b> | <b>Health Insurance - Required Reimbursement - Podiatrists (Ch. 459)</b>  |                |                |                |                |                |   |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Minimal premium tax revenues.                       |
|               | SF  | increase       | \$0            | \$0            | \$0            | \$0            | Minimal form filing fee revenues.                   |
| <b>SB 439</b> | <b>Insurance - Viatical Settlement Providers and Viatical Settlement Brokers (Ch. 275)</b>                                      |                |                |                |                |                |   |
|               | SF  | increase       | increase       | increase       | increase       | increase       | Minimal registration and fine revenues.             |
| <b>SB 443</b> | <b>Frederick County - Highways - Prohibition on Use for Solicitations (Ch. 125)</b>   |                |                |                |                |                |   |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                    |
| <b>SB 452</b> | <b>State Boat Act - Waterway Improvement Fund - Authorized Uses (Ch. 460)</b>   |                |                |                |                |                |   |
|               | GF  | \$0            | (\$225,000)    | (\$225,000)    | (\$225,000)    | (\$225,000)    |   |
|               | SF  | \$0            | \$225,000      | \$225,000      | \$225,000      | \$225,000      |   |
| <b>SB 457</b> | <b>Vehicle Laws - Interference with Operation of Traffic Control Device or Railroad Sign or Signal - Prohibitions (Ch. 126)</b> |                |                |                |                |                |   |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                    |
| <b>SB 460</b> | <b>Private Passenger Motor Vehicle Liability Insurance - Coverage for Claims of Family Members (Ch. 127)</b>                    |                |                |                |                |                |   |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Minimal premium tax revenues.                       |
|               | SF  | \$25,000       | \$0            | \$0            | \$0            | \$0            |   |

## Legislation Affecting State Revenues

|                     | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|---------------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 508</b>       | <b>Budget Reconciliation and Financing Act of 2004 (Ch. 430)</b>  |                |                |                |                |                |  |
|                     | GF  | \$367,405,752  | \$92,959,430   | \$69,994,307   | \$81,037,002   | \$87,838,069   | Assumed in FY 2005 budget.   |
|                     | SF  | \$4,113,599    | \$51,603,964   | (\$9,799)      | \$339,846      | \$453,257      | Assumed in FY 2005 budget.   |
| <b>SB 533</b>       | <b>Homeowner's Insurance - Cancellation (Ch. 464)</b>   |                |                |                |                |                |  |
|                     | SF  | \$250          | \$0            | \$0            | \$0            | \$0            |  |
| <b>SB 548</b>       | <b>State Retiree Health Care Protection Act (Ch. 466)</b>   |                |                |                |                |                |  |
|                     | FF  | \$0            | increase       | increase       | increase       | increase       | Significant Medicare drug subsidy payments.                        |
| <b>SB 550</b>       | <b>Health - General - Nursing Referral Service Agencies - Licensing (Ch. 132)</b>                           |                |                |                |                |                |  |
|                     | GF  | \$50,000       | \$3,000        | \$3,000        | \$50,000       | \$6,000        |  |
| <b>SB 570</b>       | <b>Health Insurance - Small Group Market - Limited Health Benefit Plan (Ch. 287)</b>                        |                |                |                |                |                |  |
|                     | SF  | \$50,000       | \$50,500       | \$51,005       | \$51,515       | \$52,030       | SF expenditures increase by same amount.                           |
| <b>SB 571</b>       | <b>Criminal Law - Fictitious and Fraudulent Government Identification Documents - Prohibition (Ch. 288)</b> |                |                |                |                |                |  |
|                     | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                                   |
| <b>SB 586/HB 15</b> | <b>Insurance - Public Adjusters - Regulation (Ch. 290/291)</b>  |                |                |                |                |                |  |
|                     | SF  | increase       | increase       | increase       | increase       | increase       | Minimal licensing fee revenues.                                    |
| <b>SB 589</b>       | <b>2020 Rural Maryland - Agricultural and Resource-Based Industry Development Act (Ch. 467)</b>             |                |                |                |                |                |  |
|                     | NB  | \$0            | \$0            | \$0            | increase       | increase       | Potential significant bond, interest, federal, and other revenues. |

## Legislation Affecting State Revenues

|               | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|---------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 604</b> | <b>Maryland Spam Deterrence Act (Ch. 470)</b>   |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.   |
| <b>SB 643</b> | <b>Mortgage Lenders - Sole Proprietors - Qualifications for Licensure (Ch. 473)</b>   |                |                |                |                |                |  |
|               | GF  | \$380,000      | \$50,000       | \$350,000      | \$50,000       | \$350,000      |  |
| <b>SB 681</b> | <b>Wicomico County - Alcoholic Beverages - Licenses and Open Containers (Ch. 301)</b> |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.   |
| <b>SB 688</b> | <b>State Employees - Unused Annual Leave - Special Pay Plan (Ch. 302)</b>             |                |                |                |                |                |  |
|               | GF  | \$0            | decrease       | decrease       | decrease       | decrease       | Income tax revenues.   |
| <b>SB 706</b> | <b>Community-Based Services (Ch. 303)</b>   |                |                |                |                |                |  |
|               | SF  | increase       | increase       | increase       | increase       | increase       | Potential significant sale or lease revenues.  |
| <b>SB 713</b> | <b>State Finance - State Projects or Programs - Funding (Ch. 135)</b>                 |                |                |                |                |                |  |
|               | GF  | (\$7,564,382)  | decrease       | decrease       | decrease       | decrease       | Revenue loss assumed in FY 2005 BRE forecast. Potential significant recycled PAYGO revenues. |
| <b>SB 748</b> | <b>Baltimore City - Extinguishment of Ground Rents (Ch. 480)</b>                      |                |                |                |                |                |  |
|               | SF  | \$5,600        | \$7,500        | \$7,500        | \$7,500        | \$7,500        |  |
| <b>SB 773</b> | <b>Comptroller - Tax Liens - Reports by Financial Institutions (Ch. 137)</b>          |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal tax revenues.  |

## Legislation Affecting State Revenues

[illegible]

## Legislation Affecting State Revenues

|               | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                              |
|---------------|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 65</b>  | <b>Vehicle Laws - School Buses - Repeal of Special Speed Limit (Ch. 150)</b>                              |                |                |                |                |                |  |
|               | GF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal fine revenues.             |
| <b>HB 76</b>  | <b>Crimes - Knowingly and Willfully Causing Another to Ingest Bodily Fluid (Ch. 318)</b>                  |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.             |
| <b>HB 95</b>  | <b>Maryland Horse Industry Board - Penalties (Ch. 151)</b>  |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.             |
| <b>HB 209</b> | <b>Vital Statistics Administration - Adjudications of Paternity - Repeal Requirement for Fee (Ch. 42)</b> |                |                |                |                |                |  |
|               | GF  | (\$6,300)      | (\$8,400)      | (\$8,400)      | (\$8,400)      | (\$8,400)      |  |
| <b>HB 211</b> | <b>Family Law - Adoption - Certificates of Birth (Ch. 158)</b>  |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Minimal certificate fee revenues.            |
| <b>HB 216</b> | <b>Homestead Tax Credit - Damaged Property (Ch. 43)</b>   |                |                |                |                |                |  |
|               | SF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential significant property tax revenues. |
| <b>HB 219</b> | <b>Job Creation Tax Credit - Extension (Ch. 159)</b>  |                |                |                |                |                |  |
|               | GF  | \$0            | \$0            | \$0            | decrease       | decrease       | Significant income tax revenues.             |
|               | SF  | \$0            | \$0            | \$0            | decrease       | decrease       | Significant corporate income tax revenues.   |
| <b>HB 228</b> | <b>Motor Fuel Tax - Refunds - Concrete Pump Trucks (Ch. 161)</b>  |                |                |                |                |                |  |
|               | GF  | (\$1,200)      | (\$1,200)      | (\$1,200)      | (\$1,200)      | (\$1,200)      |  |
|               | SF  | (\$48,900)     | (\$48,900)     | (\$48,900)     | (\$48,900)     | (\$48,900)     |  |

## Legislation Affecting State Revenues

|               | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                          |
|---------------|---|----------------|----------------|----------------|----------------|----------------|--|
| HB 294/SB 186 | See entry for SB 186.   |                |                |                |                |                |  |
| HB 295/SB 194 | See entry for SB 194.   |                |                |                |                |                |  |
| HB 297        | Office of the Comptroller - Tax Compliance – Holding Companies (Ch. 556)                      |                |                |                |                |                |  |
|               | GF  | \$27,900,000   | \$34,800,000   | \$41,800,000   | \$41,800,000   | \$41,800,000   | Assumed in FY 2005 budget.               |
|               | SF  | \$8,800,000    | \$11,000,000   | \$13,200,000   | \$13,200,000   | \$13,200,000   |  |
| HB 307        | Criminal Law - Motion Picture Theaters - Prohibition against Audiovisual Recording (Ch. 165)  |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.         |
| HB 313        | Public Safety - Impersonating a Law Enforcement Officer - Increased Penalties (Ch. 167)       |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.         |
| HB 316/SB 355 | See entry for SB 355.   |                |                |                |                |                |  |
| HB 323        | Homestead Tax Credit - Agricultural Limited Liability Company (Ch. 501)                       |                |                |                |                |                |  |
|               | SF  | (\$6,644)      | (\$7,175)      | (\$7,750)      | (\$8,370)      | (\$9,039)      |  |
| HB 373        | Vehicle Laws - Driving While Impaired by Controlled Dangerous Substance - Penalties (Ch. 334) |                |                |                |                |                |  |
|               | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.         |
| HB 477        | Tobacco Product Manufacturers - Master Settlement Agreement - Escrow Requirements (Ch. 348)   |                |                |                |                |                |  |
|               | SF  | increase       | increase       | increase       | increase       | increase       | Significant tobacco settlement revenues. |
| HB 492        | Natural Resources - Waterfowl Outfitter and Waterfowl Hunting Guide Licenses (Ch. 180)        |                |                |                |                |                |  |
|               | SF  | \$0            | \$50,000       | \$50,000       | \$50,000       | \$50,000       |  |

## Legislation Affecting State Revenues

|                      | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                               |
|----------------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 493</b>        | <b>Environment - Hazardous Material Security (Ch. 504)</b>  |                |                |                |                |                |   |
|                      | GF  | \$0            | increase       | increase       | increase       | increase       | Potential fine revenues.                      |
|                      | SF  | \$0            | \$137,500      | \$0            | \$0            | \$0            |   |
| <b>HB 494</b>        | <b>Tidal Wetlands - Criminal Penalties (Ch. 505)</b>  |                |                |                |                |                |   |
|                      | GF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal fine revenues.              |
|                      | SF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.              |
| <b>HB 503</b>        | <b>Environmental Trust Fund - Extension of Environmental Surcharge (Ch. 181)</b>  |                |                |                |                |                |   |
|                      | SF  | \$0            | \$9,000,000    | \$9,000,000    | \$9,000,000    | \$9,000,000    | SF expenditures increase by same amount.      |
| <b>HB 534</b>        | <b>Commissioner of Labor and Industry - Boiler and Pressure Vessel Safety - Authority and Inspection Intervals (Ch. 351)</b>                                |                |                |                |                |                |   |
|                      | GF  | \$0            | \$0            | (\$40,000)     | (\$80,000)     | (\$80,000)     |   |
| <b>HB 596</b>        | <b>Prince George's County - Alcoholic Beverages - Open Containers PG 310-04 (Ch. 188)</b>   |                |                |                |                |                |   |
|                      | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.              |
| <b>HB 602/SB 405</b> | <b>See entry for SB 405.</b>  |                |                |                |                |                |   |
| <b>HB 605</b>        | <b>Child Support – Driver's License Suspension - Grounds for Requesting an Investigation and Appealing (Ch. 509)</b>  |                |                |                |                |                |   |
|                      | SF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential significant child support revenues. |
| <b>HB 606</b>        | <b>Maryland Agricultural Land Preservation Program - Installment Purchase Agreements , Schedule of Installments, and Termination of Easements (Ch. 189)</b> |                |                |                |                |                |   |
|                      | GF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential income tax revenues.                |
|                      | SF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential corporate income tax revenues.      |



## Legislation Affecting State Revenues

|               | <u>Fund</u>  | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                            |
|---------------|--|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 613</b> | <b>Crimes - Visual and Camera Surveillance - Penalties (Ch. 361)</b>   |                |                |                |                |                |  |
|               | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.           |
| <b>HB 624</b> | <b>Criminal Procedure - Expungement - Notice to Defendant (Ch. 362)</b>                                      |                |                |                |                |                |  |
|               | GF   | increase       | increase       | increase       | increase       | increase       | Potential significant filing fee revenues. |
| <b>HB 625</b> | <b>Maryland Agricultural Land Preservation Foundation - Grants - Installment Purchase Programs (Ch. 190)</b> |                |                |                |                |                |  |
|               | GF   | decrease       | decrease       | decrease       | decrease       | decrease       | Potential income tax revenues.             |
|               | SF   | decrease       | decrease       | decrease       | decrease       | decrease       | Potential corporate income tax revenues.   |
| <b>HB 627</b> | <b>State Acupuncture Board - Auricular Detoxification (Ch. 57)</b>   |                |                |                |                |                |  |
|               | SF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fee revenues.            |
| <b>HB 671</b> | <b>Board of Professional Counselors and Therapists - Hearings - Penalties (Ch. 511)</b>                      |                |                |                |                |                |  |
|               | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.           |
| <b>HB 679</b> | <b>Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 76)</b>                                |                |                |                |                |                |  |
|               | GF   | (\$6,820,531)  | (\$7,558,631)  | (\$6,738,481)  | (\$8,452,591)  | \$0            |  |
|               | SF   | (\$570,000)    | (\$1,794,000)  | (\$2,396,000)  | (\$2,376,000)  | \$0            |  |
| <b>HB 701</b> | <b>Business Occupations and Professions - Real Estate Brokers - Use of Designated Name (Ch. 514)</b>         |                |                |                |                |                |  |
|               | GF   | increase       | increase       | increase       | increase       | increase       | Minimal fee revenues.                      |
| <b>HB 702</b> | <b>Procurement - Request for Proposals or Invitation for Bids - Notice (Ch. 515)</b>                         |                |                |                |                |                |  |
|               | SF   | (\$30,560)     | (\$145,798)    | (\$179,858)    | (\$179,858)    | (\$179,858)    |  |

## Legislation Affecting State Revenues

|                      | <u>Fund</u>  | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>   |
|----------------------|--|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 750</b>        | <b>State Lottery - Licensed Agents - Banks - Commingling of Proceeds (Ch. 200)</b>                           |                |                |                |                |                |   |
|                      | GF   | decrease       | decrease       | decrease       | decrease       | decrease       | Minimal lottery revenues.                                 |
| <b>HB 754</b>        | <b>Anne Arundel County - Commercial Motor Vehicles - Stopping, Standing, or Parking (Ch. 201)</b>            |                |                |                |                |                |   |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Minimal fine revenues.                                    |
| <b>HB 799</b>        | <b>Board of Physical Therapy Examiners (Ch. 518)</b>   |                |                |                |                |                |   |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                          |
|                      | SF   | increase       | increase       | increase       | increase       | increase       | Potential significant fine revenues.                      |
| <b>HB 820</b>        | <b>Property Tax and Transfer and Recordation Taxes - Land Trusts - Credits and Exemptions (Ch. 379)</b>      |                |                |                |                |                |   |
|                      | SF   | decrease       | decrease       | decrease       | decrease       | decrease       | Minimal property, recordation, and transfer tax revenues. |
| <b>HB 845/SB 131</b> | <b>See entry for SB 131.</b>   |                |                |                |                |                |   |
| <b>HB 848</b>        | <b>Vessel Excise Tax - Exemption - Vessel Commissioning (Ch. 207)</b>  |                |                |                |                |                |   |
|                      | SF   | \$0            | (\$130,633)    | (\$130,633)    | (\$130,633)    | (\$130,633)    |   |
| <b>HB 905</b>        | <b>Department of Housing and Community Development - Neighborhood Business Development Program (Ch. 209)</b> |                |                |                |                |                |   |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential significant sales and income tax revenues.      |
|                      | SF   | increase       | increase       | increase       | increase       | increase       | Significant loan sale revenues.                           |
| <b>HB 944</b>        | <b>State Acupuncture Board - Maryland Acupuncture Act - Revisions (Ch. 387)</b>                              |                |                |                |                |                |   |
|                      | GF   | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                          |

## Legislation Affecting State Revenues

|                       | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                             |
|-----------------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 1000</b>        | <b>Maryland Cancer Fund - Income Tax Checkoff (Ch. 392)</b>   |                |                |                |                |                |   |
|                       | SF  | increase       | increase       | increase       | increase       | increase       | Potential minimal donation revenues.        |
| <b>HB 1040</b>        | <b>Education - Social Workers - Certified Professional Personnel (Ch. 530)</b>                            |                |                |                |                |                |   |
|                       | SF  | \$0            | \$2,490        | \$50           | \$50           | \$50           |   |
| <b>HB 1068</b>        | <b>Academic Facilities Bonding Authority (Ch. 533)</b>  |                |                |                |                |                |   |
|                       | BOND  | \$25,000,000   | \$0            | \$0            | \$0            | \$0            | Included in the FY 2005 capital budget.     |
| <b>HB 1148</b>        | <b>Domestic Violence - Protective Order - Penalty (Ch. 537)</b>   |                |                |                |                |                |   |
|                       | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.            |
| <b>HB 1208</b>        | <b>Crimes - Internet Child Pornography - Removal (Ch. 539)</b>  |                |                |                |                |                |   |
|                       | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.            |
| <b>HB 1228</b>        | <b>Condominiums - Conditions on the Right to Expand - Calvert County (Ch. 220)</b>                        |                |                |                |                |                |   |
|                       | SF  | \$0            | increase       | increase       | increase       | increase       | Potential minimal transfer tax revenues.    |
| <b>HB 1230/SB 787</b> | <b>See entry for SB 787.</b>  |                |                |                |                |                |   |
| <b>HB 1308/SB 869</b> | <b>See entry for SB 869.</b>  |                |                |                |                |                |   |
| <b>HB 1332</b>        | <b>Motor Homes and Travel Trailers - Vehicle Excise Tax - Definitions - Extension of Sunset (Ch. 545)</b> |                |                |                |                |                |   |
|                       | SF  | decrease       | decrease       | decrease       | \$0            | \$0            | Potential significant titling tax revenues. |

## Legislation Affecting State Revenues

|                | <u>Fund</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>   |
|----------------|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 1335</b> | <b>Natural Resources - Hunting License Requirements - Exceptions (Ch. 227)</b>                  |                |                |                |                |                |   |
|                | FF  | \$0            | \$0            | decrease       | decrease       | decrease       | Potential minimal hunting formula revenues.               |
|                | SF  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal fee revenues.                           |
| <b>HB 1397</b> | <b>Milk Products - Threat to Public Health - Impoundment and Penalties (Ch. 417)</b>            |                |                |                |                |                |   |
|                | GF  | increase       | increase       | increase       | increase       | increase       | Potential minimal fine revenues.                          |
| <b>HB 1414</b> | <b>Department of Natural Resources - Administration of Special Funds and Accounts (Ch. 550)</b> |                |                |                |                |                |   |
|                | GF  | (\$8,000)      | (\$8,000)      | (\$8,000)      | (\$8,000)      | (\$8,000)      |   |
|                | SF  | \$8,000        | \$8,000        | \$8,000        | \$8,000        | \$8,000        |   |
| <b>HB 1467</b> | <b>Transportation Trust Fund - Transportation Financing - Increased Revenues (Ch. 9)</b>        |                |                |                |                |                |   |
|                | BOND  | increase       | increase       | increase       | increase       | increase       | Significant consolidated transportation bond revenues.    |
|                | SF  | \$165,519,759  | \$183,133,500  | \$185,654,700  | \$186,954,800  | \$191,869,100  |   |
| <b>HB 1471</b> | <b>Dredged Material Disposal Alternatives Act of 2004 (Ch. 552)</b>                             |                |                |                |                |                |   |
|                | FF  | \$0            | \$0            | \$0            | \$0            | \$0            | Potential grant revenues beginning in FY 2010.            |
|                | SF  | \$0            | \$0            | \$0            | \$0            | \$0            | Potential significant TTF transfers beginning in FY 2010. |

### Totals by Fund Type/Summary of Quantifiable Revenue Effects

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| <u>Fund Type</u> | <u>FY 2005</u>             | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|------------------|----------------------------|----------------|----------------|----------------|----------------|
| GF               | \$381,375,429 <sup>1</sup> | \$120,035,539  | \$105,118,816  | \$114,292,859  | \$129,695,809  |
| SF               | \$214,078,342 <sup>2</sup> | \$326,769,131  | \$282,115,697  | \$283,940,816  | \$291,140,389  |
| BOND             | \$25,000,000 <sup>3</sup>  | \$46,500,000   | \$231,750,000  | \$409,500,000  | \$382,750,000  |

In addition, a total of 42 bills have unquantifiable GF revenue impacts. Thirty-two of these represent revenue increases (two of a significant magnitude); nine represent revenue decreases (none of a significant magnitude); and one has an indeterminate revenue impact.

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<sup>1</sup> A decrease of \$6,365,941 is not assumed in the FY 2005 budget.

<sup>2</sup> An increase of \$209,964,743 is not assumed in the FY 2005 budget.

<sup>3</sup> The full amount is assumed in the FY 2005 budget.



## Legislation Affecting State Expenditures

|                    | <u>Fund Type</u>   | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                        |
|--------------------|--|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 5/HB 124</b> | <b>Attorney General - Prosecution of Criminal Offenses Reported by the Office of Legislative Audits (Ch. 241/242)</b>    |                            |                |                |                |                |                |  |
|                    | GF   | Attorney General's Office  | \$100,608      | \$129,949      | \$137,284      | \$145,123      | \$153,509      |  |
| <b>SB 32</b>       | <b>Vehicle Laws - Titling and Registration - Temporary Registrations (Ch. 12)</b>  |                            |                |                |                |                |                |  |
|                    | SF   | Transportation             | (\$43,290)     | (\$58,297)     | (\$58,880)     | (\$59,469)     | (\$60,064)     |  |
| <b>SB 35</b>       | <b>Motor Vehicle Administration – Driver's License Renewals - Vision Test Requirements (Ch. 81)</b>                      |                            |                |                |                |                |                |  |
|                    | SF   | Transportation             | increase       | \$0            | \$0            | \$0            | \$0            | Potential minimal reprogramming costs. |
| <b>SB 38</b>       | <b>Family Law - Child Support Enforcement - Earnings Withholding and Medical Support Notices (Ch. 435)</b>               |                            |                |                |                |                |                |  |
|                    | FF   | Human Resources            | (\$1,119,096)  | (\$1,130,287)  | (\$1,141,590)  | (\$1,153,005)  | (\$1,164,536)  |  |
|                    | SF   | Human Resources            | (\$576,504)    | (\$582,269)    | (\$588,092)    | (\$593,973)    | (\$599,912)    |  |
| <b>SB 43</b>       | <b>Criminal Injuries Compensation Board - Life Insurance Benefits (Ch. 16)</b>   |                            |                |                |                |                |                |  |
|                    | SF   | Public Sfty & Corr. Srvcs. | \$175,000      | \$175,000      | \$175,000      | \$175,000      | \$175,000      |  |
| <b>SB 51</b>       | <b>Agriculture - State Board of Veterinary Medical Examiners Fund (Ch. 245)</b>  |                            |                |                |                |                |                |  |
|                    | GF   | Agriculture                | (\$191,884)    | (\$197,640)    | (\$203,570)    | (\$209,677)    | (\$215,967)    | (\$151,165) assumed in FY 2005 budget. |
|                    | SF   | Agriculture                | \$396,558      | \$391,709      | \$404,486      | \$417,913      | \$432,036      | \$43,519 included in FY 2005 budget.   |
| <b>SB 56</b>       | <b>State Ethics Law - Architectural and Engineering Services - Restrictions on Participation in Procurement (Ch. 84)</b> |                            |                |                |                |                |                |  |
|                    | GF/SF/FF   | All or Multiple Agencies   | decrease       | decrease       | decrease       | decrease       | decrease       | Potential significant contract costs.  |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>   | <u>Agency</u>                 | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                        |
|----------------------|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 58</b>         | <b>Natural Resources - Forest or Park Wardens - Term (Ch. 20)</b>  |                               |                |                |                |                |                |  |
|                      | GF/SF  | Natural Resources             | decrease       | decrease       | decrease       | decrease       | decrease       | Minimal administrative expenditures.   |
| <b>SB 59</b>         | <b>Natural Resources - Hunting Licenses - Licensing Procedures and Shoreline Licenses (Ch. 85)</b>   |                               |                |                |                |                |                |  |
|                      | SF   | Natural Resources             | \$0            | (\$43,393)     | (\$43,433)     | (\$80)         | (\$43,473)     |  |
| <b>SB 62</b>         | <b>Child Care - Family Day Care Home Registrations and Child Care Center Licenses (Ch. 436)</b>  |                               |                |                |                |                |                |  |
|                      | GF   | Human Resources               | \$17,807       | \$35,970       | \$36,330       | \$36,693       | \$37,060       |  |
| <b>SB 65</b>         | <b>Environment - Water Quality - Penalties (Ch. 21)</b>  |                               |                |                |                |                |                |  |
|                      | GF   | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>SB 88</b>         | <b>Commercial Law - Maryland Telephone Consumer Protection Act (Ch. 437)</b>   |                               |                |                |                |                |                |  |
|                      | GF   | Attorney General's<br>Office  | \$140,920      | \$178,035      | \$188,288      | \$199,264      | \$211,025      |  |
| <b>SB 99</b>         | <b>Residential Child Care Programs - Certification of Program Administrator (Ch. 438)</b>  |                               |                |                |                |                |                |  |
|                      | GF   | Hlth. & Mental Hyg.           | \$0            | \$91,458       | \$90,117       | \$0            | \$0            |  |
|                      | SF   | Hlth. & Mental Hyg.           | \$0            | \$0            | \$0            | \$185,644      | \$98,528       |  |
| <b>SB 131/HB 845</b> | <b>Maryland Health Care Commission and Maryland Insurance Administration - Affordability of Health Insurance in Maryland - Study and Recommendations (Ch. 93/94)</b> |                               |                |                |                |                |                |  |
|                      | SF   | Hlth. & Mental Hyg.           | \$100,000      | \$100,000      | \$0            | \$0            | \$0            | SF revenues increase by same amount.   |



## Legislation Affecting State Expenditures

[illegible]

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                          |
|----------------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 231</b>        | <b>Harford County and Cecil County - Bookstores and Entertainment Venues - Minors (Ch. 444)</b>                 |                            |                |                |                |                |                |  |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.   |
| <b>SB 280</b>        | <b>Vehicle Laws - Failing to Stop for a School Vehicle with Activated Flashing Lights - Penalties (Ch. 111)</b> |                            |                |                |                |                |                |  |
|                      | GF  | Judiciary                  | increase       | increase       | increase       | increase       | increase       | Potential minimal administrative costs.  |
| <b>SB 282</b>        | <b>Mass Transit Services - Cost Recovery - Performance Standards (Ch. 447)</b>                                  |                            |                |                |                |                |                |  |
|                      | SF  | Transportation             | \$0            | \$78,333       | \$0            | \$0            | \$0            |  |
| <b>SB 294/HB 626</b> | <b>Transportation - Maryland Senior Rides Demonstration Program (Ch. 112/113)</b>                               |                            |                |                |                |                |                |  |
|                      | SF  | Transportation             | \$0            | \$400,000      | \$400,000      | \$400,000      | \$400,000      |  |
| <b>SB 296</b>        | <b>Maryland Health Care Foundation and Maryland Health Care Trust (Ch. 262)</b>                                 |                            |                |                |                |                |                |  |
|                      | FF  | Hlth. & Mental Hyg.        | increase       | increase       | increase       | increase       | increase       | Potential minimal Medicaid expenditures. |
|                      | GF  | Hlth. & Mental Hyg.        | increase       | increase       | increase       | increase       | increase       | Potential minimal Medicaid expenditures. |
| <b>SB 320</b>        | <b>Water Pollution - State Waters - The Bay Restoration Fund (Ch. 428)</b>                                      |                            |                |                |                |                |                |  |
|                      | GF/SF/FF  | All or Multiple Agencies   | increase       | increase       | increase       | increase       | increase       | Potential significant fee payments.      |
|                      | SF  | Agriculture                | \$114,004      | \$3,477,110    | \$4,560,145    | \$4,560,145    | \$4,560,145    | SF revenues increase by same amount.     |
|                      | SF  | Comptroller                | \$95,000       | \$40,000       | \$40,000       | \$40,000       | \$40,000       | SF revenues increase by same amount.     |
|                      | SF  | Environment                | \$3,064,161    | \$37,574,728   | \$186,675,362  | \$393,766,754  | \$279,371,201  |  |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                        |
|----------------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 323/HB 806</b> | <b>Economic Development Financial Assistance - Minority Business Enterprise Procurement Goals (Ch. 449/206)</b> |                            |                |                |                |                |                |  |
|                      | GF  | Bus. & Econ. Dvlpmt.       | \$33,102       | \$63,593       | \$66,927       | \$70,480       | \$74,270       |  |
| <b>SB 355/HB 316</b> | <b>Criminal Law - Resisting or Interfering with Arrest (Ch. 118/119)</b>  |                            |                |                |                |                |                |  |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>SB 365/HB 24</b>  | <b>Criminal Law - Animal Cruelty - Dogfighting and Cockfighting (Ch. 120/121)</b>                               |                            |                |                |                |                |                |  |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>SB 368</b>        | <b>Task Force on Parking for Individuals with Disabilities (Ch. 268)</b>  |                            |                |                |                |                |                |  |
|                      | SF  | Transportation             | \$70,000       | \$0            | \$0            | \$0            | \$0            |  |
| <b>SB 381</b>        | <b>State Agencies - Managing for Results (Ch. 452)</b>  |                            |                |                |                |                |                |  |
|                      | GF  | Leg. Services              | \$54,979       | \$68,581       | \$72,365       | \$76,406       | \$80,726       |  |
| <b>SB 394</b>        | <b>State Employees - Military Administrative Leave - Sunset Extension (Ch. 122)</b>                             |                            |                |                |                |                |                |  |
|                      | FF  | All or Multiple Agencies   | \$184,000      | \$0            | \$0            | \$0            | \$0            |  |
|                      | GF  | All or Multiple Agencies   | \$552,000      | \$0            | \$0            | \$0            | \$0            |  |
|                      | SF  | All or Multiple Agencies   | \$184,000      | \$0            | \$0            | \$0            | \$0            |  |
| <b>SB 397</b>        | <b>Teachers' Pension System - Former Members - Military Service Credit (Ch. 454)</b>                            |                            |                |                |                |                |                |  |
|                      | GF/SF/FF  | All or Multiple Agencies   | \$0            | increase       | increase       | increase       | increase       | Minimal pension liabilities.           |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                             |
|----------------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|---|
| <b>SB 405/HB 602</b> | <b>State Board of Nursing - Nursing Assistants and Medication Technicians - Miscellaneous Provisions (Ch. 455/456)</b>          |                            |                |                |                |                |                |   |
|                      | SF  | Hlth. & Mental Hyg.        | \$50,000       | \$0            | \$0            | \$0            | \$0            |   |
| <b>SB 418</b>        | <b>Family Law - Property Disposition - Transfer of Family Use Personal Property (Ch. 457)</b>                                   |                            |                |                |                |                |                |   |
|                      | GF  | Judiciary                  | increase       | increase       | increase       | increase       | increase       | Potential significant administrative costs. |
| <b>SB 430</b>        | <b>Higher Education - Morgan State University - Coordination and Governance (Ch. 273)</b>                                       |                            |                |                |                |                |                |   |
|                      | HE  | Morgan St. Univ.           | \$55,704       | \$69,559       | \$73,370       | \$77,439       | \$81,788       |   |
| <b>SB 457</b>        | <b>Vehicle Laws - Interference with Operation of Traffic Control Device or Railroad Sign or Signal - Prohibitions (Ch. 126)</b> |                            |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.      |
| <b>SB 485</b>        | <b>Solar Energy Grant Program (Ch. 128)</b>   |                            |                |                |                |                |                |   |
|                      | GF  | Energy Administration      | \$103,500      | \$500,000      | \$500,000      | \$500,000      | \$500,000      | Included in the FY 2005 budget.             |
| <b>SB 499</b>        | <b>State Council on Cancer Control - Cervical Cancer Committee of the Maryland Comprehensive Cancer Control Plan (Ch. 283)</b>  |                            |                |                |                |                |                |   |
|                      | GF  | Hlth. & Mental Hyg.        | \$112,500      | \$151,500      | \$153,015      | \$154,545      | \$156,091      |   |
| <b>SB 508</b>        | <b>Budget Reconciliation and Financing Act of 2004 (Ch. 430)</b>  |                            |                |                |                |                |                |   |
|                      | FF  | Hlth. & Mental Hyg.        | \$1,827,646    | \$1,827,646    | \$1,827,646    | \$1,827,646    | \$1,827,646    | Assumed in FY 2005 budget.                  |
|                      | FF  | Human Resources            | \$0            | (\$843,270)    | \$0            | \$0            | \$0            |   |
|                      | GF  | Aging                      | \$0            | \$442,210      | \$0            | \$0            | \$0            |   |
|                      | GF  | Agriculture                | (\$144,090)    | (\$125,500)    | (\$125,500)    | (\$125,500)    | (\$125,500)    | Assumed in FY 2005 budget.                  |

## Legislation Affecting State Expenditures

| <u>Fund Type</u> | <u>Agency</u>                    | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|------------------|----------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| GF               | Attorney General's Office        | (\$54,285)     | (\$55,371)     | (\$56,478)     | (\$57,608)     | (\$58,760)     | Assumed in FY 2005 budget.   |
| GF               | Baltimore City Community College | \$0            | decrease       | decrease       | decrease       | decrease       | Potential minimal formula aid expenditures.                              |
| GF               | Board of Public Works            | (\$275,000)    | (\$275,000)    | (\$275,000)    | \$0            | \$0            | Assumed in FY 2005 budget.   |
| GF               | Bus. & Econ. Dvlpmt.             | \$0            | (\$1,000,000)  | (\$2,500,000)  | (\$2,500,000)  | (\$2,500,000)  |  |
| GF               | Comptroller                      | (\$281,905)    | (\$269,011)    | (\$267,031)    | (\$264,158)    | (\$260,152)    | (\$557,600) assumed in FY 2005 budget.                                   |
| GF               | Education                        | (\$29,697,226) | \$53,415,130   | \$70,008,365   | \$89,945,091   | \$106,024,717  | Assumed in FY 2005 budget.   |
| GF               | Environment                      | (\$350,000)    | (\$347,500)    | (\$347,500)    | (\$347,500)    | (\$347,500)    | Assumed in FY 2005 budget.   |
| GF               | Higher Ed. Comm.                 | (\$4,013,264)  | \$1,632,382    | \$0            | \$0            | \$2,375,935    | Assumed in FY 2005 budget.   |
| GF               | Hlth. & Mental Hyg.              | (\$1,437,204)  | (\$67,805)     | (\$264,786)    | (\$471,616)    | (\$688,788)    | Assumed in FY 2005 budget.   |
| GF               | Human Resources                  | \$0            | (\$110,692)    | \$0            | \$0            | \$0            |  |
| GF               | MIEMSS                           | (\$403,744)    | (\$403,744)    | (\$403,744)    | (\$403,744)    | (\$403,744)    | Assumed in FY 2005 budget.   |
| GF               | None                             | (\$9,000,000)  | \$59,000,000   | increase       | increase       | increase       | Assumed in FY 2005 budget. Potential significant TTF repayment increase. |
| GF               | Public Sfty & Corr. Svcs.        | \$13,000,000   | \$0            | \$0            | \$0            | \$0            | Mandated deficiency appropriation for FY 2006 budget.                    |
| SF               | Aging                            | \$442,210      | \$0            | \$0            | \$0            | \$0            | Assumed in FY 2005 budget.   |
| SF               | Agriculture                      | (\$13,018,980) | \$125,500      | \$125,500      | \$125,500      | \$125,500      | Assumed in FY 2005 budget.   |
| SF               | Attorney General's Office        | \$54,285       | \$55,371       | \$56,478       | \$57,608       | \$58,760       | Assumed in FY 2005 budget.   |
| SF               | Board of Public Works            | \$275,000      | \$275,000      | \$275,000      | \$0            | \$0            | Assumed in FY 2005 budget.   |

## Legislation Affecting State Expenditures

| <u>Fund Type</u> | <u>Agency</u>   | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|------------------|---|----------------|----------------|----------------|----------------|----------------|--|
| SF               | Education   | \$0            | \$1,000,000    | \$1,000,000    | \$1,000,000    | \$1,000,000    |  |
| SF               | Environment   | \$347,500      | \$347,500      | \$347,500      | \$347,500      | \$347,500      | Assumed in FY 2005 budget.   |
| SF               | Hlth. & Mental Hyg.   | (\$12,307,000) | \$3,300,000    | increase       | increase       | increase       | Assumed in FY 2005 budget. Potential minimal methadone clinic expenses.            |
| SF               | Labor Lic. & Reg.   | (\$415,100)    | \$0            | \$0            | \$0            | \$0            | Assumed in FY 2005 budget.   |
| SF               | MIEMSS  | \$403,744      | \$403,744      | \$403,744      | \$403,744      | \$403,744      | Assumed in FY 2005 budget.   |
| SF               | Natural Resources   | (\$57,136,242) | decrease       | decrease       | decrease       | decrease       | Assumed in FY 2005 budget. Significant administrative expenses.                    |
| SF               | None  | \$1,500,000    | (\$43,386,000) | \$0            | \$0            | \$0            |  |
| SF               | Transportation  | (\$50,642,459) | \$594,300      | \$612,100      | \$630,500      | \$649,400      | Assumed in FY 2005 budget.   |
| <b>SB 512</b>    | <b>Criminal Law - Sexual Solicitation of a Minor (Ch. 285)</b>                                      |                |                |                |                |                |  |
| GF               | Public Sfty & Corr. Srvcs.  | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.   |
| <b>SB 513</b>    | <b>Criminal Law - Theft, Bad Checks, and Credit Card Crimes - District Court Offenses (Ch. 130)</b> |                |                |                |                |                |  |
| GF               | Public Sfty & Corr. Srvcs.  | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal incarceration costs.   |
| <b>SB 543</b>    | <b>Department of Juvenile Services - Facilities and Reform Progress Reporting (Ch. 431)</b>         |                |                |                |                |                |  |
| GF               | Education   | \$500,000      | \$0            | \$0            | \$0            | \$0            | Included in the FY 2005 budget.  |
| GF               | Juvenile Services   | increase       | increase       | increase       | increase       | increase       | Potential study costs in FY 2005. Potential significant program enhancement costs. |

## Legislation Affecting State Expenditures

|               | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|---------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 550</b> | <b>Health - General - Nursing Referral Service Agencies - Licensing (Ch. 132)</b>   |                            |                |                |                |                |                |  |
|               | GF  | Hlth. & Mental Hyg.        | \$83,952       | \$101,971      | \$107,755      | \$113,969      | \$120,654      |  |
| <b>SB 568</b> | <b>Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Electronic Transmission of Notices and Votes (Ch. 286)</b> |                            |                |                |                |                |                |  |
|               | GF  | Secretary of State         | increase       | \$0            | \$0            | \$0            | \$0            | Minimal administrative costs.                                      |
| <b>SB 570</b> | <b>Health Insurance - Small Group Market - Limited Health Benefit Plan (Ch. 287)</b>  |                            |                |                |                |                |                |  |
|               | SF  | Hlth. & Mental Hyg.        | \$50,000       | \$50,500       | \$51,005       | \$51,515       | \$52,030       | SF revenues increase by same amount.                               |
| <b>SB 571</b> | <b>Criminal Law - Fictitious and Fraudulent Government Identification Documents - Prohibition (Ch. 288)</b>                                 |                            |                |                |                |                |                |  |
|               | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.                             |
| <b>SB 589</b> | <b>2020 Rural Maryland - Agricultural and Resource-Based Industry Development Act (Ch. 467)</b>   |                            |                |                |                |                |                |  |
|               | GF/SF   | All or Multiple Agencies   | \$0            | increase       | increase       | increase       | increase       | Significant administrative costs.                                  |
|               | NB  | New Agency                 | \$0            | \$0            | \$0            | increase       | increase       | Potential significant debt service and financial assistance costs. |
| <b>SB 604</b> | <b>Maryland Spam Deterrence Act (Ch. 470)</b>   |                            |                |                |                |                |                |  |
|               | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.                             |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>            | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|----------------------|---|--------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 620/HB 946</b> | <b>Money Follows the Individual Accountability Act (Ch. 426/427)</b>                |                          |                |                |                |                |                |  |
|                      | FF  | Hlth. & Mental Hyg.      | (\$724,455)    | (\$779,260)    | (\$839,211)    | (\$901,622)    | (\$969,829)    |  |
|                      | GF  | Hlth. & Mental Hyg.      | (\$724,455)    | (\$779,260)    | (\$839,211)    | (\$901,622)    | (\$969,829)    |  |
| <b>SB 643</b>        | <b>Mortgage Lenders - Sole Proprietors - Qualifications for Licensure (Ch. 473)</b> |                          |                |                |                |                |                |  |
|                      | GF  | Labor Lic. & Reg.        | \$83,729       | \$102,427      | \$108,445      | \$116,906      | \$121,850      |  |
| <b>SB 688</b>        | <b>State Employees - Unused Annual Leave - Special Pay Plan (Ch. 302)</b>           |                          |                |                |                |                |                |  |
|                      | GF  | Comptroller              | \$0            | \$101,300      | increase       | increase       | increase       | Potential administrative costs.                              |
|                      | GF/SF   | Unknown                  | \$0            | increase       | increase       | increase       | increase       | Potential administrative costs.                              |
|                      | HE  | Univ. Sys. of MD.        | \$0            | \$100,000      | \$0            | \$0            | \$0            |  |
|                      | SF  | Transportation           | \$0            | \$100,000      | \$0            | \$0            | \$0            |  |
| <b>SB 706</b>        | <b>Community-Based Services (Ch. 303)</b>   |                          |                |                |                |                |                |  |
|                      | SF  | Hlth. & Mental Hyg.      | increase       | increase       | increase       | increase       | increase       | Potential significant community-based services expenditures. |
| <b>SB 711</b>        | <b>Child Welfare Services - Children in Out-of-Home Placement (Ch. 304)</b>         |                          |                |                |                |                |                |  |
|                      | GF  | Child., Youth, & Fam.    | \$52,816       | \$30,241       | \$0            | \$0            | \$0            |  |
| <b>SB 722</b>        | <b>Procurement Law and Process - Auction Bids (Ch. 479)</b>                         |                          |                |                |                |                |                |  |
|                      | GF/SF/FF  | All or Multiple Agencies | decrease       | decrease       | decrease       | decrease       | decrease       | Potential significant contract costs.                        |



## Legislation Affecting State Expenditures

|                       | <u>Fund Type</u>  | <u>Agency</u>             | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                            |
|-----------------------|---|---------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>SB 787/HB 1230</b> | <b>Public School Facilities Act of 2004 (Ch. 306/307)</b>   |                           |                |                |                |                |                |  |
|                       | SF  | School Construction       | \$0            | \$0            | \$2,400,000    | \$7,100,000    | \$15,900,000   | Debt service costs.                        |
|                       | GF  | Education                 | \$56,500       | \$70,100       | \$323,900      | \$328,000      | \$82,300       |  |
|                       | GF  | School Construction       | \$2,225,100    | \$3,221,500    | \$3,172,300    | \$3,171,300    | \$2,180,500    |  |
| <b>SB 831</b>         | <b>Procurement - Primary Procurement Unit - Participation under a Federal Contract (Ch. 143)</b>                                      |                           |                |                |                |                |                |  |
|                       | GF/SF/FF  | All or Multiple Agencies  | decrease       | decrease       | decrease       | decrease       | decrease       | Minimal administrative and contract costs. |
| <b>SB 837</b>         | <b>Crimes - Counterfeiting and Possession of Counterfeit Check, Letter of Credit, or Negotiable Instrument (Ch. 484)</b>              |                           |                |                |                |                |                |  |
|                       | GF  | Public Sfty & Corr. Svcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.     |
| <b>SB 841</b>         | <b>Department of Natural Resources - Electronic System for Transactions (Ch. 313)</b>   |                           |                |                |                |                |                |  |
|                       | SF  | Natural Resources         | \$50,000       | \$25,000       | \$0            | \$0            | \$0            |  |
| <b>SB 869/HB 1308</b> | <b>Electricity Regulation - Renewable Energy Portfolio Standard and Credit Trading - Maryland Renewable Energy Fund (Ch. 487/488)</b> |                           |                |                |                |                |                |  |
|                       | SF  | Public Svcs. Comm.        | \$108,567      | \$108,359      | \$114,733      | \$121,568      | \$128,904      |  |
| <b>SB 884</b>         | <b>Correctional Services - Concurrent and Consecutive Sentences - Offenders on Parole (Ch. 316)</b>                                   |                           |                |                |                |                |                |  |
|                       | GF  | Public Sfty & Corr. Svcs. | \$0            | \$0            | \$0            | increase       | increase       | Potential significant incarceration costs. |
| <b>SB 894</b>         | <b>Education Fiscal Accountability and Oversight Act of 2004 (Ch. 148)</b>  |                           |                |                |                |                |                |  |
|                       | GF  | Education                 | \$113,395      | \$141,151      | \$148,834      | \$157,036      | \$165,801      |  |
|                       | GF  | Leg. Services             | \$574,841      | \$713,090      | \$750,143      | \$789,633      | \$850,660      | \$400,000 included in FY 2005 budget.      |

## Legislation Affecting State Expenditures

[illegible]

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>   | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                                |
|----------------------|--|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 136</b>        | <b>Environment - Products That Contain Mercury - Labeling and Reclamation or Destination (Ch. 494)</b>                   |                            |                |                |                |                |                |  |
|                      | GF   | Environment                | \$61,473       | \$80,880       | \$84,142       | \$87,627       | \$91,354       |  |
| <b>HB 158</b>        | <b>Education - Disabled Student Transportation Grant (Ch. 38)</b>  |                            |                |                |                |                |                |  |
|                      | GF   | Education                  | \$0            | (\$57,600)     | (\$59,400)     | (\$154,000)    | (\$129,000)    |  |
| <b>HB 172</b>        | <b>Higher Education - Resident Tuition Charges - United States Military Personnel, Spouses, and Dependents (Ch. 325)</b> |                            |                |                |                |                |                |  |
|                      | GF   | Higher Ed. Comm.           | \$0            | \$0            | increase       | increase       | increase       | Potential community college State aid.         |
| <b>HB 180</b>        | <b>Real Property - Recordation of Deeds and Instruments of Writing (Ch. 40)</b>  |                            |                |                |                |                |                |  |
|                      | GF   | Assessments & Tax.         | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal administrative expenditures. |
| <b>HB 199</b>        | <b>Education - Public School Construction - Modular Construction (Ch. 326)</b>   |                            |                |                |                |                |                |  |
|                      | GF   | School Construction        | \$10,700       | \$0            | \$0            | \$0            | \$0            |  |
| <b>HB 294/SB 186</b> | <b>See entry for SB 186.</b>   |                            |                |                |                |                |                |  |
| <b>HB 295/SB 194</b> | <b>See entry for SB 194.</b>   |                            |                |                |                |                |                |  |
| <b>HB 307</b>        | <b>Criminal Law - Motion Picture Theaters - Prohibition against Audiovisual Recording (Ch. 165)</b>                      |                            |                |                |                |                |                |  |
|                      | GF   | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.         |
| <b>HB 313</b>        | <b>Public Safety - Impersonating a Law Enforcement Officer - Increased Penalties (Ch. 167)</b>                           |                            |                |                |                |                |                |  |
|                      | GF   | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.         |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>   | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                             |
|----------------------|--|----------------------------|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 316/SB 355</b> | <b>See entry for SB 355.</b>   |                            |                |                |                |                |                |   |
| <b>HB 358</b>        | <b>Public Schools - Centers for Disease Control and Prevention Youth Risk Behavior Surveillance System (Ch. 331)</b> |                            |                |                |                |                |                |   |
|                      | GF   | Education                  | \$68,101       | \$35,849       | \$75,926       | \$39,953       | \$81,808       |   |
| <b>HB 373</b>        | <b>Vehicle Laws - Driving While Impaired by Controlled Dangerous Substance - Penalties (Ch. 334)</b>                 |                            |                |                |                |                |                |   |
|                      | GF   | Hlth. & Mental Hyg.        | increase       | increase       | increase       | increase       | increase       | Potential minimal treatment costs.          |
|                      | GF   | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.      |
| <b>HB 384</b>        | <b>Maryland Pharmacy Act - Practice of Pharmacy - Administration of the Influenza Vaccination (Ch. 339)</b>          |                            |                |                |                |                |                |   |
|                      | SF   | Hlth. & Mental Hyg.        | increase       | increase       | increase       | increase       | increase       | Potential minimal hearing costs.            |
| <b>HB 400</b>        | <b>Maryland Uniform Child Custody Jurisdiction and Enforcement Act (Ch. 502)</b>                                     |                            |                |                |                |                |                |   |
|                      | GF   | Judiciary                  | increase       | increase       | increase       | increase       | increase       | Potential significant administrative costs. |
| <b>HB 475</b>        | <b>Individuals with Developmental Disabilities - Respite Care (Ch. 178)</b>  |                            |                |                |                |                |                |   |
|                      | GF   | Hlth. & Mental Hyg.        | \$0            | \$220,303      | \$230,768      | \$60,458       | \$0            |   |
| <b>HB 483</b>        | <b>Minority Business Enterprise Program - Personal Net Worth (Ch. 179)</b>   |                            |                |                |                |                |                |   |
|                      | SF   | Transportation             | \$64,076       | \$87,931       | \$93,366       | \$99,218       | \$105,526      |   |
| <b>HB 492</b>        | <b>Natural Resources - Waterfowl Outfitter and Waterfowl Hunting Guide Licenses (Ch. 180)</b>                        |                            |                |                |                |                |                |   |
|                      | SF   | Natural Resources          | \$0            | \$38,401       | \$46,283       | \$49,136       | \$52,213       |   |

## Legislation Affecting State Expenditures

|               | <u>Fund Type</u>   | <u>Agency</u>                 | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                        |
|---------------|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 493</b> | <b>Environment - Hazardous Material Security (Ch. 504)</b>   |                               |                |                |                |                |                |  |
|               | FF   | Environment                   | \$0            | \$0            | \$0            | \$7,043        | \$12,849       |  |
|               | GF   | Environment                   | \$0            | \$0            | \$0            | \$21,130       | \$38,548       |  |
|               | SF   | Environment                   | \$0            | \$54,655       | \$57,374       | \$32,514       | \$12,849       |  |
| <b>HB 494</b> | <b>Tidal Wetlands - Criminal Penalties (Ch. 505)</b>   |                               |                |                |                |                |                |  |
|               | GF   | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>HB 503</b> | <b>Environmental Trust Fund - Extension of Environmental Surcharge (Ch. 181)</b>   |                               |                |                |                |                |                |  |
|               | FF   | All or Multiple<br>Agencies   | \$0            | \$40,000       | \$40,000       | \$40,000       | \$40,000       |  |
|               | GF   | All or Multiple<br>Agencies   | \$0            | \$120,000      | \$120,000      | \$120,000      | \$120,000      |  |
|               | SF   | All or Multiple<br>Agencies   | \$0            | \$40,000       | \$40,000       | \$40,000       | \$40,000       |  |
|               | SF   | Natural Resources             | \$0            | \$9,000,000    | \$9,000,000    | \$9,000,000    | \$9,000,000    | SF revenues increase by same amount.   |
| <b>HB 534</b> | <b>Commissioner of Labor and Industry - Boiler and Pressure Vessel Safety - Authority and Inspection Intervals (Ch. 351)</b> |                               |                |                |                |                |                |  |
|               | SF   | Labor Lic. & Reg.             | \$0            | \$0            | (\$94,352)     | (\$196,460)    | (\$204,570)    |  |
| <b>HB 557</b> | <b>Advance Directive Information Availability Act (Ch. 356)</b>  |                               |                |                |                |                |                |  |
|               | FF   | Hlth. & Mental Hyg.           | \$14,925       | \$20,099       | \$20,300       | \$20,503       | \$20,708       |  |
|               | GF   | Hlth. & Mental Hyg.           | \$16,625       | \$22,389       | \$22,613       | \$22,839       | \$23,067       |  |
|               | SF   | Transportation                | increase       | increase       | increase       | increase       | increase       | Potential minimal staff costs.         |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>                 | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                             |
|----------------------|---|-------------------------------|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 569</b>        | <b>Prince George's County - Recordation - Assessment Books PG 405-04 (Ch. 508)</b>  |                               |                |                |                |                |                |   |
|                      | GF  | Assessments & Tax.            | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal administrative costs.     |
| <b>HB 575</b>        | <b>Criminal Law - First and Second Degree Escape - Home Detention, Juvenile, and Custodial Confinement Programs (Ch. 358)</b> |                               |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr.<br>Srvcs. | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal incarceration costs.      |
| <b>HB 602/SB 405</b> | <b>See entry for SB 405.</b>  |                               |                |                |                |                |                |   |
| <b>HB 605</b>        | <b>Child Support – Driver's License Suspension - Grounds for Requesting an Investigation and Appealing (Ch. 509)</b>          |                               |                |                |                |                |                |   |
|                      | FF  | Human Resources               | \$15,596       | \$21,002       | \$21,212       | \$21,424       | \$21,638       |   |
|                      | GF  | Human Resources               | \$8,034        | \$10,819       | \$10,927       | \$11,037       | \$11,147       |   |
| <b>HB 613</b>        | <b>Crimes - Visual and Camera Surveillance - Penalties (Ch. 361)</b>  |                               |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.      |
| <b>HB 624</b>        | <b>Criminal Procedure - Expungement - Notice to Defendant (Ch. 362)</b>   |                               |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential significant administrative costs. |
| <b>HB 626/SB 294</b> | <b>See entry for SB 294.</b>  |                               |                |                |                |                |                |   |
| <b>HB 641</b>        | <b>Higher Education - Community Colleges - Unrestricted Grants (Ch. 192)</b>  |                               |                |                |                |                |                |   |
|                      | GF  | Higher Ed. Comm.              | \$0            | \$600,000      | \$600,000      | \$600,000      | \$600,000      |   |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>   | <u>Agency</u>                 | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                        |
|----------------------|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 671</b>        | <b>Board of Professional Counselors and Therapists - Hearings - Penalties (Ch. 511)</b>                          |                               |                |                |                |                |                |  |
|                      | GF   | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>HB 679</b>        | <b>Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 76)</b>                                    |                               |                |                |                |                |                |  |
|                      | GF   | Housing & Commtty<br>Dvlpt.   | \$177,957      | \$182,431      | \$192,908      | \$204,117      | \$0            | Included in the FY 2005 budget.        |
|                      | GF   | None                          | \$0            | \$20,000,000   | \$30,000,000   | \$30,000,000   | \$0            |  |
| <b>HB 702</b>        | <b>Procurement - Request for Proposals or Invitation for Bids - Notice (Ch. 515)</b>                             |                               |                |                |                |                |                |  |
|                      | GF   | Budget & Mgt.                 | \$0            | \$60,435       | \$58,639       | \$62,041       | \$65,693       |  |
|                      | SF   | Secretary of State            | (\$6,138)      | (\$31,970)     | (\$42,627)     | (\$42,627)     | (\$42,627)     |  |
| <b>HB 718</b>        | <b>Procurement - Reciprocal Preference for Resident Offerors (Ch. 197)</b>                                       |                               |                |                |                |                |                |  |
|                      | GF/SF/FF   | All or Multiple<br>Agencies   | increase       | increase       | increase       | increase       | increase       | Potential significant contract costs.  |
| <b>HB 799</b>        | <b>Board of Physical Therapy Examiners (Ch. 518)</b>   |                               |                |                |                |                |                |  |
|                      | GF   | Public Sfty & Corr.<br>Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs. |
| <b>HB 806/SB 323</b> | <b>See entry for SB 323.</b>   |                               |                |                |                |                |                |  |
| <b>HB 845/SB 131</b> | <b>See entry for SB 131.</b>   |                               |                |                |                |                |                |  |
| <b>HB 879</b>        | <b>Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Books and Records (Ch. 382)</b> |                               |                |                |                |                |                |  |
|                      | GF   | Secretary of State            | increase       | \$0            | \$0            | \$0            | \$0            | Minimal administrative costs.          |

## Legislation Affecting State Expenditures

|                      | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                         |
|----------------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|---|
| <b>HB 884</b>        | <b>State Board of Pilots and State Board of Docking Masters (Ch. 520)</b>   |                            |                |                |                |                |                |   |
|                      | GF  | Labor Lic. & Reg.          | \$5,000        | \$5,230        | \$5,471        | \$5,722        | \$5,985        |   |
| <b>HB 892</b>        | <b>State Retirement and Pension System - Administrative and Operational Expenses - Allocation of Cost (Ch. 383)</b> |                            |                |                |                |                |                |   |
|                      | GF/SF/FF  | All or Multiple Agencies   | indet.         | indet.         | indet.         | indet.         | indet.         | Minimal employer pension contributions. |
| <b>HB 894</b>        | <b>Procurement - College Savings Plans of Maryland Board - Exemption (Ch. 208)</b>                                  |                            |                |                |                |                |                |   |
|                      | NB  | Prepaid College Trust      | (\$348,838)    | (\$402,050)    | (\$461,175)    | (\$523,848)    | (\$585,338)    |   |
| <b>HB 923</b>        | <b>Sexual Offenses - Spousal Defense (Ch. 524)</b>  |                            |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.  |
| <b>HB 944</b>        | <b>State Acupuncture Board - Maryland Acupuncture Act - Revisions (Ch. 387)</b>                                     |                            |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.  |
| <b>HB 945</b>        | <b>Worcester County - Liquor Control Board - Salaries (Ch. 212)</b>   |                            |                |                |                |                |                |   |
|                      | GF  | Retirement Agency          | \$2            | \$26           | \$49           | \$71           | \$71           |   |
| <b>HB 946/SB 620</b> | <b>See entry for SB 620.</b>  |                            |                |                |                |                |                |   |
| <b>HB 954</b>        | <b>Vehicle Laws - Violation of Pedestrian Right-of-Way - Penalties (Ch. 388)</b>                                    |                            |                |                |                |                |                |   |
|                      | GF  | Public Sfty & Corr. Srvcs. | decrease       | decrease       | decrease       | decrease       | decrease       | Potential minimal incarceration costs.  |



## Legislation Affecting State Expenditures

|                | <u>Fund Type</u>  | <u>Agency</u>             | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>  |
|----------------|---|---------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 966</b>  | <b>Task Force to Study the Dynamics of Elderly and Retiree Migration Into and Out of Maryland (Ch. 525)</b>   |                           |                |                |                |                |                |  |
|                | HE  | Univ. Sys. of MD.         | increase       | \$0            | \$0            | \$0            | \$0            | Minimal consultant costs.                                  |
| <b>HB 1000</b> | <b>Maryland Cancer Fund - Income Tax Checkoff (Ch. 392)</b>   |                           |                |                |                |                |                |  |
|                | SF  | Comptroller               | \$43,000       | \$0            | \$0            | \$0            | \$0            |  |
|                | SF  | Hlth. & Mental Hyg.       | \$45,591       | \$55,513       | \$58,688       | \$62,092       | \$65,834       |  |
| <b>HB 1044</b> | <b>Procurement - State Contractor Employees - Whistleblower Protection (Ch. 397)</b>  |                           |                |                |                |                |                |  |
|                | GF/SF/FF  | All or Multiple Agencies  | increase       | increase       | increase       | increase       | increase       | Potential minimal contract labor costs.                    |
| <b>HB 1064</b> | <b>Economic Development - Smart Growth Economic Development Infrastructure Fund - Maryland Economic Development Assistance Authority and Fund (Ch. 216)</b> |                           |                |                |                |                |                |  |
|                | BOND  | Bus. & Econ. Dvlpmt.      | \$5,000,000    | \$5,000,000    | \$5,000,000    | \$5,000,000    | \$5,000,000    | Included in the FY 2005 capital budget and five-year plan. |
| <b>HB 1068</b> | <b>Academic Facilities Bonding Authority (Ch. 533)</b>  |                           |                |                |                |                |                |  |
|                | HE  | Univ. Sys. of MD.         | \$2,250,000    | \$2,250,000    | \$2,250,000    | \$2,250,000    | \$2,250,000    |  |
| <b>HB 1094</b> | <b>Crimes - Fourth Degree Sexual Offense - Penalty for Subsequent Offender (Ch. 217)</b>  |                           |                |                |                |                |                |  |
|                | GF  | Public Sfty & Corr. Svcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.                     |

## Legislation Affecting State Expenditures

|                       | <u>Fund Type</u>  | <u>Agency</u>              | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>Comments</u>                                      |
|-----------------------|---|----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>HB 1134</b>        | <b>Maryland Medical Assistance Program - Managed Care Organizations - Dental Services (Ch. 399)</b>             |                            |                |                |                |                |                |  |
|                       | FF  | All or Multiple Agencies   | \$15,000       | \$15,150       | \$15,302       | \$15,455       | \$15,609       |  |
|                       | GF  | All or Multiple Agencies   | \$15,000       | \$15,150       | \$15,302       | \$15,455       | \$15,609       |  |
| <b>HB 1139</b>        | <b>Department of Juvenile Services and Department of Education - Enhancement of Programs (Ch. 535)</b>          |                            |                |                |                |                |                |  |
|                       | GF  | Education                  | \$0            | increase       | increase       | increase       | increase       | Potential significant educational enhancement costs. |
| <b>HB 1146</b>        | <b>Juvenile Causes - Children in Out-of-Home Placement - Plan for a System of Outcomes Evaluation (Ch. 536)</b> |                            |                |                |                |                |                |  |
|                       | GF  | Child., Youth, & Fam.      | \$82,537       | \$0            | \$0            | \$0            | \$0            |  |
| <b>HB 1148</b>        | <b>Domestic Violence - Protective Order - Penalty (Ch. 537)</b>   |                            |                |                |                |                |                |  |
|                       | GF  | Public Sfty & Corr. Srvcs. | increase       | increase       | increase       | increase       | increase       | Potential minimal incarceration costs.               |
| <b>HB 1230/SB 787</b> | <b>See entry for SB 787.</b>  |                            |                |                |                |                |                |  |
| <b>HB 1245</b>        | <b>Real Property - Compliance with Lead Poisoning Prevention Requirements (Ch. 540)</b>                         |                            |                |                |                |                |                |  |
|                       | GF  | Judiciary                  | \$12,500       | \$0            | \$0            | \$0            | \$0            |  |
| <b>HB 1274</b>        | <b>Public Health - Fetal Alcohol Syndrome Prevention - Public Awareness Campaign (Ch. 409)</b>                  |                            |                |                |                |                |                |  |
|                       | GF  | Hlth. & Mental Hyg.        | \$251,073      | \$522,062      | \$496,386      | \$225,426      | \$229,745      |  |
| <b>HB 1307</b>        | <b>Higher Education - William Donald Schaefer Scholarship Program (Ch. 413)</b>                                 |                            |                |                |                |                |                |  |
|                       | GF  | Higher Ed. Comm.           | \$250,000      | \$250,000      | \$250,000      | \$250,000      | \$250,000      |  |

## Legislation Affecting State Expenditures

[illegible]



## Expenditures by Agency

| <u>Agency</u>                    | <u>Fund Type</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|----------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Aging</b>                     |                  |                |                |                |                |                |
|                                  | GF               | \$0            | \$442,210      | \$0            | \$0            | \$0            |
|                                  | SF               | \$442,210      | \$0            | \$0            | \$0            | \$0            |
| <b>Agriculture</b>               |                  |                |                |                |                |                |
|                                  | GF               | (\$335,974)    | (\$323,140)    | (\$329,070)    | (\$335,177)    | (\$341,467)    |
|                                  | SF               | (\$12,508,418) | \$3,994,319    | \$5,090,131    | \$5,103,558    | \$5,117,681    |
| <b>All or Multiple Agencies</b>  |                  |                |                |                |                |                |
|                                  | GF               | \$567,000      | \$135,150      | \$135,302      | \$135,455      | \$135,609      |
|                                  | SF               | \$184,000      | \$40,000       | \$40,000       | \$40,000       | \$40,000       |
|                                  | FF               | \$199,000      | \$55,150       | \$55,302       | \$55,455       | \$55,609       |
| <b>Attorney General's Office</b> |                  |                |                |                |                |                |
|                                  | GF               | \$187,243      | \$252,613      | \$269,094      | \$286,779      | \$305,774      |
|                                  | SF               | \$54,285       | \$55,371       | \$56,478       | \$57,608       | \$58,760       |
| <b>Board of Elections</b>        |                  |                |                |                |                |                |
|                                  | GF               | \$5,500        | \$0            | \$0            | \$0            | \$0            |
| <b>Board of Public Works</b>     |                  |                |                |                |                |                |
|                                  | GF               | (\$275,000)    | (\$275,000)    | (\$275,000)    | \$0            | \$0            |
|                                  | SF               | \$275,000      | \$275,000      | \$275,000      | \$0            | \$0            |
| <b>Budget &amp; Management</b>   |                  |                |                |                |                |                |
|                                  | GF               | \$46,388       | \$117,442      | \$118,862      | \$77,958       | \$65,693       |

## Expenditures by Agency (cont'd)

| <u>Agency</u>                              | <u>Fund Type</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Business &amp; Economic Development</b> |                  |                |                |                |                |                |
|  | GF               | \$67,597       | (\$895,811)    | (\$2,390,444)  | (\$2,384,725)  | (\$2,378,623)  |
|  | BOND             | \$5,000,000    | \$5,000,000    | \$5,000,000    | \$5,000,000    | \$5,000,000    |
| <b>Comptroller</b>                         |                  |                |                |                |                |                |
|  | GF               | (\$281,905)    | (\$167,711)    | (\$267,031)    | (\$264,158)    | (\$260,152)    |
|  | SF               | \$138,000      | \$40,000       | \$40,000       | \$40,000       | \$40,000       |
| <b>Disabilities</b>                        |                  |                |                |                |                |                |
|  | GF               | \$594,082      | \$575,006      | \$597,425      | \$621,220      | \$646,500      |
| <b>Education</b>                           |                  |                |                |                |                |                |
|  | GF               | (\$28,920,205) | \$53,651,677   | \$70,547,429   | \$90,329,273   | \$106,225,626  |
|  | SF               | \$0            | \$1,000,000    | \$1,000,000    | \$1,000,000    | \$1,000,000    |
| <b>Energy Administration</b>               |                  |                |                |                |                |                |
|  | GF               | \$103,500      | \$500,000      | \$500,000      | \$500,000      | \$500,000      |
| <b>Environment</b>                         |                  |                |                |                |                |                |
|  | GF               | (\$288,527)    | (\$266,620)    | (\$263,358)    | (\$238,743)    | (\$217,598)    |
|  | SF               | \$3,640,284    | \$38,263,504   | \$187,357,857  | \$394,440,492  | \$280,042,580  |
|  | FF               | \$0            | \$0            | \$0            | \$7,043        | \$12,849       |
| <b>General Services</b>                    |                  |                |                |                |                |                |
|  | GF               | \$46,388       | \$57,007       | \$60,223       | \$15,917       | \$0            |

## Expenditures by Agency (cont'd)

| <u>Agency</u>                              | <u>Fund Type</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Higher Education Commission</b>         |                  |                |                |                |                |                |
|  | GF               | (\$3,763,264)  | \$2,482,382    | \$850,000      | \$850,000      | \$3,225,935    |
| <b>Health &amp; Mental Hygiene</b>         |                  |                |                |                |                |                |
|  | GF               | \$1,556,084    | \$581,668      | \$328,720      | (\$497,788)    | (\$835,591)    |
|  | SF               | (\$12,061,409) | \$15,989,538   | \$12,614,438   | \$12,904,034   | \$13,035,456   |
|  | FF               | \$1,118,116    | \$3,227,560    | \$3,308,150    | \$3,395,404    | \$3,486,579    |
| <b>Housing &amp; Community Development</b> |                  |                |                |                |                |                |
|  | GF               | \$177,957      | \$182,431      | \$192,908      | \$204,117      | \$0            |
| <b>Human Resources</b>                     |                  |                |                |                |                |                |
|  | GF               | \$25,841       | (\$63,903)     | \$47,257       | \$47,730       | \$48,207       |
|  | SF               | (\$576,504)    | (\$582,269)    | (\$588,092)    | (\$593,973)    | (\$599,912)    |
|  | FF               | (\$1,103,500)  | (\$1,952,555)  | (\$1,120,378)  | (\$1,131,581)  | (\$1,142,898)  |
| <b>Judiciary</b>                           |                  |                |                |                |                |                |
|  | GF               | \$112,500      | \$100,000      | \$100,000      | \$0            | \$0            |
| <b>Labor, Licensing, &amp; Regulation</b>  |                  |                |                |                |                |                |
|  | GF               | \$88,729       | \$107,657      | \$113,916      | \$122,628      | \$127,835      |
|  | SF               | (\$415,100)    | \$0            | (\$94,352)     | (\$196,460)    | (\$204,570)    |
| <b>Legislative Services</b>                |                  |                |                |                |                |                |
|  | GF               | \$629,820      | \$781,671      | \$822,508      | \$866,039      | \$931,386      |

## Expenditures by Agency (cont'd)

| <u>Agency</u>   | <u>Fund Type</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Maryland Institute of Emergency Medical Services Systems</b> |                  |                |                |                |                |                |
|   | GF               | (\$403,744)    | (\$403,744)    | (\$403,744)    | (\$403,744)    | (\$403,744)    |
|   | SF               | \$403,744      | \$403,744      | \$403,744      | \$403,744      | \$403,744      |
| <b>Morgan State University</b>                                  |                  |                |                |                |                |                |
|   | HE               | \$55,704       | \$69,559       | \$73,370       | \$77,439       | \$81,788       |
| <b>Natural Resources</b>  |                  |                |                |                |                |                |
|   | GF               | (\$31,740)     | (\$31,740)     | (\$31,740)     | (\$31,740)     | (\$31,740)     |
|   | SF               | (\$57,086,242) | \$9,020,008    | \$9,002,850    | \$9,049,056    | \$9,008,740    |
| <b>None</b>   |                  |                |                |                |                |                |
|   | GF               | (\$9,000,000)  | \$79,000,000   | \$30,000,000   | \$30,000,000   | \$0            |
|   | SF               | \$1,500,000    | (\$43,386,000) | \$0            | \$0            | \$0            |
| <b>Office for Children, Youth, &amp; Families</b>               |                  |                |                |                |                |                |
|   | GF               | \$135,353      | \$30,241       | \$0            | \$0            | \$0            |
| <b>Prepaid College Trust</b>                                    |                  |                |                |                |                |                |
|   | NB               | (\$348,838)    | (\$402,050)    | (\$461,175)    | (\$523,848)    | (\$585,338)    |
| <b>Public Safety &amp; Correctional Services</b>                |                  |                |                |                |                |                |
|   | GF               | \$13,000,000   | \$0            | \$0            | \$0            | \$0            |
|   | SF               | \$175,000      | \$175,000      | \$175,000      | \$175,000      | \$175,000      |
| <b>Public Service Commission</b>                                |                  |                |                |                |                |                |
|   | SF               | \$153,029      | \$169,130      | \$178,977      | \$189,527      | \$200,842      |



## Expenditures by Agency (cont'd)

| <u>Agency</u>                        | <u>Fund Type</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Retirement Agency</b>             |                  |                |                |                |                |                |
|                                      | GF               | \$2            | \$26           | \$487          | \$970          | \$1,017        |
| <b>School Construction</b>           |                  |                |                |                |                |                |
|                                      | GF               | \$2,235,800    | \$3,221,500    | \$3,172,300    | \$3,171,300    | \$2,180,500    |
|                                      | SF               | \$0            | \$0            | \$2,400,000    | \$7,100,000    | \$15,900,000   |
| <b>Secretary of State</b>            |                  |                |                |                |                |                |
|                                      | SF               | (\$6,138)      | (\$31,970)     | (\$42,627)     | (\$42,627)     | (\$42,627)     |
| <b>Transportation</b>                |                  |                |                |                |                |                |
|                                      | SF               | (\$50,213,285) | \$1,259,274    | \$1,106,809    | \$1,086,166    | \$1,094,862    |
| <b>University System of Maryland</b> |                  |                |                |                |                |                |
|                                      | HE               | \$2,296,388    | \$2,407,007    | \$2,310,223    | \$2,265,917    | \$2,250,000    |



### Totals by Fund Type/Summary of Quantifiable Expenditure Effects

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| <u>Fund Type</u> | <u>FY 2005</u>               | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|------------------|------------------------------|----------------|----------------|----------------|----------------|
| GF               | (\$23,720,575) <sup>1</sup>  | \$139,791,012  | \$103,896,044  | \$123,073,311  | \$109,925,167  |
| SF               | (\$125,901,544) <sup>2</sup> | \$26,684,649   | \$219,016,213  | \$430,756,125  | \$325,270,556  |
| FF               | \$213,616 <sup>3</sup>       | \$1,330,155    | \$2,243,074    | \$2,326,321    | \$2,412,139    |

In addition, a total of 46 bills have unquantifiable GF expenditure impacts for fiscal 2005. Thirty-four of these represent expenditure increases (six of a significant magnitude); 10 represent expenditure decreases (two of a significant magnitude); one has an indeterminate expenditure impact; and one has competing GF increase and decrease effects.

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<sup>1</sup> An increase of \$17,587,464 is not included in the FY 2005 budget.

<sup>2</sup> An increase of \$6,051,979 is not included in the FY 2005 budget.

<sup>3</sup> A decrease of \$1,614,030 is not included in the FY 2005 budget.



## Regular Positions Needed by Agency

| <u>Agency</u>                              | <u>Fund Type</u> | <u>Beginning in<br/>FY 2005</u> | <u>Beginning in<br/>FY 2006</u> |
|--|------------------|---------------------------------|---------------------------------|
| <b>Agriculture</b>                         |                  |                                 |                                 |
|  | GF               | (3.5)                           | 0                               |
|  | SF               | 5.5                             | 1.0                             |
| <b>Attorney General's Office</b>           |                  |                                 |                                 |
|  | GF               | 5.0                             | 0                               |
| <b>Budget &amp; Management</b>             |                  |                                 |                                 |
|  | GF               | 1.0                             | 1.0                             |
| <b>Business &amp; Economic Development</b> |                  |                                 |                                 |
|  | GF               | 1.3                             | 0                               |
| <b>Comptroller</b>                         |                  |                                 |                                 |
|  | GF               | 7.0                             | 0                               |
| <b>Disabilities</b>                        |                  |                                 |                                 |
|  | GF               | 5.0                             | 0                               |
| <b>Education</b>                           |                  |                                 |                                 |
|  | GF               | 4.5                             | 0                               |
| <b>Environment</b>                         |                  |                                 |                                 |
|  | GF               | 1.0                             | 0                               |
|  | SF               | 13.0                            | 10.0                            |
| <b>General Services</b>                    |                  |                                 |                                 |
|  | GF               | 1.0                             | 0                               |

## Regular Positions Needed by Agency (cont'd)

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| <u>Agency</u>                              | <u>Fund Type</u> | <u>Beginning in<br/>FY 2005</u> | <u>Beginning in<br/>FY 2006</u> |
|--|------------------|---------------------------------|---------------------------------|
| <b>Health &amp; Mental Hygiene</b>         |                  |                                 |                                 |
|  | GF               | 7.0                             | 0.5                             |
|  | SF               | 0                               | 2.0                             |
| <b>Housing &amp; Community Development</b> |                  |                                 |                                 |
|  | GF               | 3.0                             | 0                               |
| <b>Labor, Licensing, &amp; Regulation</b>  |                  |                                 |                                 |
|  | GF               | 2.0                             | 0                               |
| <b>Legislative Services</b>                |                  |                                 |                                 |
|  | GF               | 10.0                            | 0                               |
| <b>Morgan State University</b>             |                  |                                 |                                 |
|  | HE               | 1.0                             | 0                               |
| <b>Natural Resources</b>                   |                  |                                 |                                 |
|  | SF               | 0                               | 1.0                             |
| <b>Public Service Commission</b>           |                  |                                 |                                 |
|  | SF               | 3.0                             | 0                               |
| <b>School Construction</b>                 |                  |                                 |                                 |
|  | GF               | 2.0                             | 0                               |
| <b>Transportation</b>                      |                  |                                 |                                 |
|  | SF               | 11.0                            | 0                               |

### Regular Positions Needed by Agency (cont'd)

| <u>Agency</u>                 | <u>Fund Type</u> | <u>Beginning in<br/>FY 2005</u> | <u>Beginning in<br/>FY 2006</u> |
|-------------------------------|------------------|---------------------------------|---------------------------------|
| University System of Maryland |                  | 1.0                             | 0                               |
| Total                         |                  | 80.8                            | 15.5                            |





### Contractual Positions Needed by Agency

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| <u>Agency</u>                          | <u>Fund Type</u> | <u>Beginning in<br/>FY 2005</u> | <u>Beginning in<br/>FY 2006</u> |
|--|------------------|---------------------------------|---------------------------------|
| Education                              |                  |                                 |                                 |
|  | GF               | 0.3                             | 0                               |
| Health & Mental Hygiene                |                  |                                 |                                 |
|  | GF               | 0.5                             | 0                               |
|  | SF               | 1.0                             | 0                               |
| Office for Children, Youth, & Families |                  |                                 |                                 |
|  | GF               | 3.0                             | 0                               |
| <hr/>                                  |                  |                                 |                                 |
| Total                                  |                  | 4.8                             | 0                               |



## **Chapter Four – Local Government**

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



## Aid to Local Government

### Overview of State Aid to Local Governments

State aid to local governments is one of the largest and fastest growing components of the State budget. The annual growth in State aid for fiscal 2005 totals 11.1 percent, compared to 2.5 percent in fiscal 2004 and 6.1 percent in fiscal 2003. Over the last 10 years, State aid has increased at an average annual rate of 5.9 percent. State aid accounts for approximately 37 percent of the State's general fund budget and 26 percent of the State's general/special fund budget. The 11.1 percent growth in State aid in fiscal 2005 will exceed other components of the State budget. State funding increases by 8.3 percent for entitlements and 4.0 percent for State agencies.

Public schools continue to receive the largest share of State aid, accounting for 77.5 percent of total State aid. In fiscal 2005, public schools will receive \$3.6 billion in State aid, representing a \$320.3 million, or 9.7 percent, increase over the prior year. Community colleges will receive \$184.0 million in aid in fiscal 2005, representing a \$9.1 million increase. Local health departments and libraries will realize a slight increase in funding. For the first time in three years, State funding for counties and municipalities will increase. State funding for counties and municipalities will total \$758.2 million in fiscal 2005, representing a \$138.2 million, or 22.3 percent, increase over the prior year. The increases in fiscal 2005 more than offset prior year reductions to local government programs. **Exhibit 4.1** shows the increase in State aid in fiscal 2005 by governmental entity.

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**Exhibit 4.1**  
**State Aid to Local Governments in Fiscal 2004 and 2005**  
(\$ in Millions)

|                    | <u><b>FY 2004</b></u> | <u><b>FY 2005</b></u> | <u><b>\$ Difference</b></u> | <u><b>% Difference</b></u> |
|--------------------|-----------------------|-----------------------|-----------------------------|----------------------------|
| Public Schools     | \$3,313.4             | \$3,633.7             | \$320.3                     | 9.7%                       |
| Libraries          | 49.3                  | 50.4                  | 1.1                         | 2.3%                       |
| Community Colleges | 174.9                 | 184.0                 | 9.1                         | 5.2%                       |
| Local Health       | 60.4                  | 60.9                  | 0.4                         | 0.7%                       |
| County/Municipal   | 619.9                 | 758.2                 | 138.2                       | 22.3%                      |
| <b>Total</b>       | <b>\$4,217.9</b>      | <b>\$4,687.1</b>      | <b>\$469.2</b>              | <b>11.1%</b>               |

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## **Reductions to State Aid Programs**

During the 2004 legislative session, actions were taken to reduce State aid to local governments in fiscal 2005. These aid reductions are included in the numbers shown in Exhibit 4.1. The fiscal 2005 State budget as introduced by the Governor included \$117.4 million in proposed funding reductions to State aid programs. Most of the reductions (\$95.4 million) were targeted to county and municipal governments through local highway user revenues, program open space, utility property tax grant, and senior citizen grants. However, three public school programs (nonpublic placements for special education students, student transportation, and teacher salary grants) were reduced by \$22.0 million. The Governor's proposed funding reductions were contingent upon the enactment of legislation. The Budget Reconciliation and Financing Act (BRFA) of 2003 already provided for a \$51.2 million reduction to local highway user revenues, reductions to Program Open Space, and a \$4.9 million reduction to community colleges. The combined impact of the 2004 contingent legislation and the 2003 BRFA would have resulted in a \$210.8 million reduction in State aid programs in fiscal 2005.

The General Assembly accepted several of the reductions proposed by the Governor; however, reductions to the utility property tax grant, senior citizen grants, and student transportation grants were rejected. Instead, the General Assembly decided to eliminate all funding for teacher salary grants and reduce funding for the extended elementary education program. In addition, due to the passage of the Administration bill that increases the State motor vehicle registration fee, State funding for local highway user revenues will increase by \$44.4 million in fiscal 2005. **Exhibit 4.2** shows the aid reductions from statutorily mandated amounts reflected in the fiscal 2005 budget passed by the General Assembly. The amounts include certain reductions proposed by the Governor which were implemented through the Budget Reconciliation and Financing Act and the additional reductions made by the General Assembly. The amounts also include additional local highway user revenues provided in **HB 1467/Chapter 9**. In total, certain State aid programs were reduced by \$50.0 million in fiscal 2005. These reductions were fully offset by the overall increases in State aid programs in fiscal 2005. In addition, local governments will benefit from the proposal to distribute \$81 million in unclaimed local income tax revenues in fiscal 2005. This revenue enhancement will be in addition to the annual distribution of unclaimed local income tax revenues.

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**Exhibit 4.2**  
**Statutory State Aid Changes for Fiscal 2005**

| <u>County</u>   | <u>Highway<br/>User Revenues</u> | <u>HB 1467<br/>Highway<br/>User Revenues</u> | <u>Program<br/>Open Space</u> | <u>Nonpublic<br/>Placements</u> | <u>Extended<br/>Elementary</u> | <u>Teacher<br/>Salary<br/>Challenge</u> | <u>Total<br/>Changes</u> |
|-----------------|----------------------------------|--|-------------------------------|---------------------------------|--------------------------------|---|--------------------------|
| Allegany        | (\$1,192,148)                    | \$611,310                                    | (\$149,711)                   | (\$26,500)                      | (\$43,539)                     | (\$408,459)                             | (\$1,209,047)            |
| Anne Arundel    | (4,984,869)                      | 2,556,142                                    | (1,622,357)                   | (556,158)                       | (161,908)                      | (1,138,184)                             | (5,907,334)              |
| Baltimore City  | 0                                | 18,126,295                                   | (1,071,692)                   | (1,558,951)                     | (516,847)                      | (3,782,066)                             | 11,196,739               |
| Baltimore       | (6,845,418)                      | 3,510,194                                    | (1,828,682)                   | (917,364)                       | (148,721)                      | (1,796,203)                             | (8,026,193)              |
| Calvert         | (992,380)                        | 508,873                                      | (163,428)                     | (76,188)                        | (56,726)                       | (132,721)                               | (912,569)                |
| Caroline        | (801,537)                        | 411,012                                      | (70,851)                      | (7,619)                         | (43,935)                       | (155,390)                               | (668,320)                |
| Carroll         | (2,232,489)                      | 1,144,776                                    | (366,909)                     | (186,255)                       | (21,457)                       | (468,987)                               | (2,131,321)              |
| Cecil           | (1,239,826)                      | 635,758                                      | (188,815)                     | (68,900)                        | (101,203)                      | (568,896)                               | (1,531,882)              |
| Charles         | (1,524,265)                      | 781,613                                      | (332,924)                     | (80,163)                        | (133,743)                      | (432,022)                               | (1,721,503)              |
| Dorchester      | (895,806)                        | 459,351                                      | (60,766)                      | (994)                           | (51,497)                       | (43,127)                                | (592,838)                |
| Frederick       | (2,929,129)                      | 1,501,999                                    | (386,074)                     | (80,825)                        | (101,516)                      | (616,485)                               | (2,612,030)              |
| Garrett         | (1,017,498)                      | 521,753                                      | (76,425)                      | (2,650)                         | (38,935)                       | (86,291)                                | (700,046)                |
| Harford         | (2,536,063)                      | 1,300,443                                    | (541,954)                     | (208,390)                       | (106,287)                      | (673,682)                               | (2,765,933)              |
| Howard          | (2,487,007)                      | 1,275,288                                    | (959,124)                     | (207,964)                       | (31,915)                       | (833,477)                               | (3,244,199)              |
| Kent            | (459,598)                        | 235,673                                      | (45,661)                      | (795)                           | (34,956)                       | (41,513)                                | (346,851)                |
| Montgomery      | (7,187,966)                      | 3,685,847                                    | (2,440,057)                   | (689,188)                       | (158,242)                      | (5,918,217)                             | (12,707,824)             |
| Prince George's | (6,133,881)                      | 3,145,333                                    | (2,063,396)                   | (1,539,165)                     | (216,447)                      | (2,278,413)                             | (9,085,970)              |
| Queen Anne's    | (898,202)                        | 460,580                                      | (99,548)                      | (14,575)                        | (43,852)                       | (104,946)                               | (700,543)                |
| St. Mary's      | (1,180,513)                      | 605,344                                      | (183,723)                     | (52,669)                        | (109,161)                      | (257,074)                               | (1,177,796)              |
| Somerset        | (536,068)                        | 274,885                                      | (43,610)                      | (2,981)                         | (38,706)                       | (112,377)                               | (458,857)                |
| Talbot          | (727,011)                        | 372,797                                      | (104,649)                     | (2,253)                         | (39,331)                       | (64,877)                                | (565,324)                |
| Washington      | (1,880,761)                      | 964,417                                      | (287,107)                     | (97,422)                        | (74,829)                       | (345,795)                               | (1,721,497)              |
| Wicomico        | (1,437,541)                      | 737,142                                      | (191,367)                     | (17,225)                        | (98,787)                       | (523,635)                               | (1,531,413)              |
| Worcester       | (1,100,087)                      | 564,103                                      | (189,136)                     | 0                               | (35,269)                       | (111,474)                               | (871,863)                |
| <b>Total</b>    | <b>(\$51,220,064)</b>            | <b>\$44,390,928</b>                          | <b>(\$13,467,966)</b>         | <b>(\$6,395,191)</b>            | <b>(\$2,407,809)</b>           | <b>(\$20,894,311)</b>                   | <b>(\$49,994,413)</b>    |

Source: Department of Legislative Services

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## **Reliance on State Aid**

State aid is the largest revenue source for most county governments in Maryland, representing 27.5 percent of total county revenues. In five counties (Anne Arundel, Baltimore, Howard, Talbot, and Worcester), State aid is the second largest revenue source after property taxes; while in Montgomery County State aid is the third largest revenue source after both property and income taxes. The dependence on State aid varies across the State, with less affluent jurisdictions relying on State aid as their primary revenue source and more affluent jurisdictions relying more heavily on local property and income taxes. For example, State aid accounts for 15 percent of total revenues in Montgomery County but over 50 percent in Caroline and Somerset counties.

State aid is the third largest revenue source for municipalities, representing 10 percent of total revenues. As with counties, the reliance on State aid varies for municipalities, ranging from 4 percent of total revenues for municipalities in Talbot County to 34 percent for municipalities in Garrett County, where State aid is the largest revenue source.

## **Changes in State Aid by Program**

The increase in State aid in fiscal 2005 ranges from 2.5 percent in Garrett County to 13.9 percent in Worcester County. The increase in 15 counties will exceed 10 percent. **Exhibit 4.3** summarizes the distribution of direct aid by governmental entity and shows the estimated State retirement payments for local government employees. **Exhibit 4.4** compares total State aid in fiscal 2004 and 2005 by program.



**Exhibit 4.3**  
**State Assistance to Local Governments**  
**Fiscal 2005 Legislative Appropriation**  
**(\$ in Thousands)**

| <i>Direct State Aid</i> |                               |                               |                           |                  |                 |                    |                   | <b>Change<br/>Over<br/>FY 2004</b> |                           |              |
|-------------------------|-------------------------------|-------------------------------|---------------------------|------------------|-----------------|--------------------|-------------------|------------------------------------|---------------------------|--------------|
| <b>County</b>           | <b>County –<br/>Municipal</b> | <b>Community<br/>Colleges</b> | <b>Public<br/>Schools</b> | <b>Libraries</b> | <b>Health</b>   | <b>Subtotal</b>    | <b>Retirement</b> | <b>Total</b>                       | <b>Percent<br/>Change</b> |              |
| Allegany                | \$13,562                      | \$4,627                       | \$51,096                  | \$619            | \$1,480         | \$71,383           | \$4,975           | \$76,359                           | \$4,221                   | 5.9%         |
| Anne Arundel            | 49,156                        | 21,803                        | 195,325                   | 1,815            | 5,144           | 273,243            | 34,598            | 307,841                            | 24,943                    | 8.8%         |
| Baltimore City          | 280,056                       | 0                             | 628,223                   | 5,426            | 10,908          | 924,613            | 48,748            | 973,361                            | 65,561                    | 7.2%         |
| Baltimore               | 58,914                        | 32,046                        | 347,127                   | 4,041            | 7,045           | 449,174            | 53,442            | 502,616                            | 60,256                    | 13.6%        |
| Calvert                 | 13,191                        | 1,173                         | 59,788                    | 321              | 599             | 75,072             | 7,911             | 82,983                             | 8,332                     | 11.2%        |
| Caroline                | 6,517                         | 1,050                         | 28,234                    | 219              | 873             | 36,894             | 2,527             | 39,421                             | 2,719                     | 7.4%         |
| Carroll                 | 15,193                        | 5,198                         | 100,840                   | 769              | 2,012           | 124,012            | 12,266            | 136,278                            | 14,627                    | 12.0%        |
| Cecil                   | 8,273                         | 3,576                         | 67,225                    | 532              | 1,317           | 80,922             | 7,144             | 88,066                             | 10,313                    | 13.3%        |
| Charles                 | 13,418                        | 5,466                         | 97,272                    | 669              | 1,626           | 118,450            | 10,879            | 129,329                            | 15,201                    | 13.3%        |
| Dorchester              | 7,286                         | 897                           | 21,488                    | 194              | 694             | 30,559             | 2,257             | 32,816                             | 2,428                     | 8.0%         |
| Frederick               | 20,879                        | 5,745                         | 131,181                   | 932              | 2,473           | 161,210            | 16,304            | 177,514                            | 19,137                    | 12.1%        |
| Garrett                 | 8,348                         | 2,588                         | 20,142                    | 150              | 707             | 31,935             | 2,334             | 34,270                             | 824                       | 2.5%         |
| Harford                 | 19,741                        | 7,897                         | 144,200                   | 1,194            | 2,843           | 175,875            | 17,432            | 193,308                            | 18,811                    | 10.8%        |
| Howard                  | 21,425                        | 9,312                         | 126,204                   | 639              | 1,983           | 159,563            | 25,728            | 185,290                            | 17,380                    | 10.4%        |
| Kent                    | 2,924                         | 431                           | 8,238                     | 85               | 541             | 12,219             | 1,457             | 13,677                             | 1,174                     | 9.4%         |
| Montgomery              | 75,975                        | 28,744                        | 275,299                   | 2,218            | 4,921           | 387,157            | 87,279            | 474,436                            | 53,329                    | 12.7%        |
| Prince George's         | 73,703                        | 17,965                        | 630,103                   | 5,464            | 8,181           | 735,416            | 60,420            | 795,836                            | 92,684                    | 13.2%        |
| Queen Anne's            | 5,676                         | 1,123                         | 21,176                    | 122              | 676             | 28,773             | 3,252             | 32,026                             | 2,537                     | 8.6%         |
| St. Mary's              | 8,335                         | 1,662                         | 61,372                    | 484              | 1,321           | 73,174             | 6,967             | 80,141                             | 8,256                     | 11.5%        |
| Somerset                | 7,022                         | 604                           | 16,000                    | 228              | 692             | 24,546             | 1,465             | 26,011                             | 1,678                     | 6.9%         |
| Talbot                  | 4,619                         | 1,167                         | 9,114                     | 83               | 530             | 15,513             | 2,190             | 17,703                             | 2,069                     | 13.2%        |
| Washington              | 12,892                        | 5,211                         | 80,166                    | 841              | 2,260           | 101,369            | 9,160             | 110,529                            | 12,052                    | 12.2%        |
| Wicomico                | 11,189                        | 3,302                         | 66,483                    | 608              | 1,547           | 83,129             | 6,768             | 89,896                             | 10,299                    | 12.9%        |
| Worcester               | 6,847                         | 1,390                         | 14,028                    | 119              | 504             | 22,888             | 3,736             | 26,624                             | 3,244                     | 13.9%        |
| Unallocated             | 11,447                        | 4,970                         | 30,190                    | 14,177           | 0               | 60,784             | 1                 | 60,785                             | 17,100                    | 39.1%        |
| <b>Total</b>            | <b>\$756,590</b>              | <b>\$167,944</b>              | <b>\$3,230,513</b>        | <b>\$41,948</b>  | <b>\$60,878</b> | <b>\$4,257,874</b> | <b>\$429,241</b>  | <b>\$4,687,114</b>                 | <b>\$469,176</b>          | <b>11.1%</b> |

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

**Exhibit 4.3 (cont'd)**  
**State Assistance to Local Governments**  
**Dollar Difference Between Fiscal 2005 Legislative Appropriation and Fiscal 2004 Working Appropriation**  
**(\$ in Thousands)**

| <i>Direct State Aid</i> |                               |                               |                           |                  |               |                  |                   |                  |
|-------------------------|-------------------------------|-------------------------------|---------------------------|------------------|---------------|------------------|-------------------|------------------|
| <b>County</b>           | <b>County –<br/>Municipal</b> | <b>Community<br/>Colleges</b> | <b>Public<br/>Schools</b> | <b>Libraries</b> | <b>Health</b> | <b>Subtotal</b>  | <b>Retirement</b> | <b>Total</b>     |
| Allegany                | \$262                         | \$200                         | \$3,510                   | (\$14)           | \$20          | \$3,979          | \$242             | \$4,221          |
| Anne Arundel            | 13,440                        | 1,162                         | 8,658                     | (53)             | 71            | 23,277           | 1,665             | 24,943           |
| Baltimore City          | 16,314                        | 0                             | 47,027                    | (38)             | 0             | 63,304           | 2,257             | 65,561           |
| Baltimore               | 18,857                        | 340                           | 38,395                    | 78               | 3             | 57,672           | 2,585             | 60,256           |
| Calvert                 | 2,900                         | 128                           | 4,892                     | 22               | 8             | 7,949            | 382               | 8,332            |
| Caroline                | 702                           | 53                            | 1,829                     | 1                | 12            | 2,597            | 121               | 2,719            |
| Carroll                 | 4,606                         | 444                           | 8,921                     | 44               | 28            | 14,043           | 585               | 14,627           |
| Cecil                   | 2,240                         | 283                           | 7,414                     | 13               | 18            | 9,968            | 346               | 10,313           |
| Charles                 | 4,010                         | 267                           | 10,322                    | 52               | 22            | 14,673           | 527               | 15,201           |
| Dorchester              | 716                           | 46                            | 1,565                     | (16)             | 10            | 2,319            | 109               | 2,428            |
| Frederick               | 6,417                         | 157                           | 11,656                    | 85               | 34            | 18,349           | 788               | 19,137           |
| Garrett                 | (629)                         | 103                           | 1,239                     | (11)             | 10            | 711              | 113               | 824              |
| Harford                 | 6,291                         | 545                           | 11,057                    | 41               | 39            | 17,972           | 839               | 18,811           |
| Howard                  | 7,088                         | 652                           | 8,366                     | 12               | 27            | 16,146           | 1,234             | 17,380           |
| Kent                    | 720                           | 22                            | 353                       | 1                | 7             | 1,104            | 70                | 1,174            |
| Montgomery              | 28,543                        | 419                           | 19,911                    | 56               | 2             | 48,930           | 4,399             | 53,329           |
| Prince George's         | 14,972                        | 473                           | 74,070                    | 228              | 28            | 89,772           | 2,913             | 92,684           |
| Queen Anne's            | 1,566                         | 57                            | 755                       | (7)              | 9             | 2,380            | 157               | 2,537            |
| St. Mary's              | 2,493                         | 124                           | 5,268                     | 16               | 18            | 7,919            | 337               | 8,256            |
| Somerset                | 169                           | 46                            | 1,377                     | 5                | 10            | 1,607            | 71                | 1,678            |
| Talbot                  | 1,132                         | 59                            | 765                       | 0                | 7             | 1,963            | 106               | 2,069            |
| Washington              | 3,215                         | 324                           | 8,055                     | (16)             | 31            | 11,609           | 443               | 12,052           |
| Wicomico                | 1,508                         | 253                           | 8,200                     | (11)             | 21            | 9,971            | 327               | 10,299           |
| Worcester               | 1,462                         | 107                           | 1,488                     | 0                | 7             | 3,064            | 180               | 3,244            |
| Unallocated             | (711)                         | 1,976                         | 15,604                    | 232              | 0             | 17,100           | 0                 | 17,100           |
| <b>Total</b>            | <b>\$138,283</b>              | <b>\$8,240</b>                | <b>\$300,697</b>          | <b>\$718</b>     | <b>\$442</b>  | <b>\$448,380</b> | <b>\$20,796</b>   | <b>\$469,176</b> |

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

**Exhibit 4.3 (cont'd)**

**Percent Change: Fiscal 2005 Legislative Appropriation over Fiscal 2004 Working Appropriation**

| <i>Direct State Aid</i> |                               |                               |                           |                  |               |                 |                   |              |
|-------------------------|-------------------------------|-------------------------------|---------------------------|------------------|---------------|-----------------|-------------------|--------------|
| <b>County</b>           | <b>County –<br/>Municipal</b> | <b>Community<br/>Colleges</b> | <b>Public<br/>Schools</b> | <b>Libraries</b> | <b>Health</b> | <b>Subtotal</b> | <b>Retirement</b> | <b>Total</b> |
| Allegany                | 2.0%                          | 4.5%                          | 7.4%                      | (2.3%)           | 1.4%          | 5.9%            | 5.1%              | 5.9%         |
| Anne Arundel            | 37.6%                         | 5.6%                          | 4.6%                      | (2.8%)           | 1.4%          | 9.3%            | 5.1%              | 8.8%         |
| Baltimore City          | 6.2%                          | n.a.                          | 8.1%                      | (0.7%)           | 0.0%          | 7.3%            | 4.9%              | 7.2%         |
| Baltimore               | 47.1%                         | 1.1%                          | 12.4%                     | 2.0%             | 0.0%          | 14.7%           | 5.1%              | 13.6%        |
| Calvert                 | 28.2%                         | 12.3%                         | 8.9%                      | 7.2%             | 1.4%          | 11.8%           | 5.1%              | 11.2%        |
| Caroline                | 12.1%                         | 5.4%                          | 6.9%                      | 0.2%             | 1.4%          | 7.6%            | 5.0%              | 7.4%         |
| Carroll                 | 43.5%                         | 9.3%                          | 9.7%                      | 6.1%             | 1.4%          | 12.8%           | 5.0%              | 12.0%        |
| Cecil                   | 37.1%                         | 8.6%                          | 12.4%                     | 2.4%             | 1.4%          | 14.0%           | 5.1%              | 13.3%        |
| Charles                 | 42.6%                         | 5.1%                          | 11.9%                     | 8.5%             | 1.4%          | 14.1%           | 5.1%              | 13.3%        |
| Dorchester              | 10.9%                         | 5.4%                          | 7.9%                      | (7.7%)           | 1.4%          | 8.2%            | 5.1%              | 8.0%         |
| Frederick               | 44.4%                         | 2.8%                          | 9.8%                      | 10.1%            | 1.4%          | 12.8%           | 5.1%              | 12.1%        |
| Garrett                 | (7.0%)                        | 4.1%                          | 6.6%                      | (7.1%)           | 1.4%          | 2.3%            | 5.1%              | 2.5%         |
| Harford                 | 46.8%                         | 7.4%                          | 8.3%                      | 3.5%             | 1.4%          | 11.4%           | 5.1%              | 10.8%        |
| Howard                  | 49.4%                         | 7.5%                          | 7.1%                      | 1.9%             | 1.4%          | 11.3%           | 5.0%              | 10.4%        |
| Kent                    | 32.7%                         | 5.4%                          | 4.5%                      | 1.6%             | 1.4%          | 9.9%            | 5.1%              | 9.4%         |
| Montgomery              | 60.2%                         | 1.5%                          | 7.8%                      | 2.6%             | 0.0%          | 14.5%           | 5.3%              | 12.7%        |
| Prince George's         | 25.5%                         | 2.7%                          | 13.3%                     | 4.3%             | 0.3%          | 13.9%           | 5.1%              | 13.2%        |
| Queen Anne's            | 38.1%                         | 5.4%                          | 3.7%                      | (5.6%)           | 1.4%          | 9.0%            | 5.1%              | 8.6%         |
| St. Mary's              | 42.7%                         | 8.0%                          | 9.4%                      | 3.5%             | 1.4%          | 12.1%           | 5.1%              | 11.5%        |
| Somerset                | 2.5%                          | 8.3%                          | 9.4%                      | 2.4%             | 1.4%          | 7.0%            | 5.1%              | 6.9%         |
| Talbot                  | 32.5%                         | 5.4%                          | 9.2%                      | 0.0%             | 1.4%          | 14.5%           | 5.1%              | 13.2%        |
| Washington              | 33.2%                         | 6.6%                          | 11.2%                     | (1.9%)           | 1.4%          | 12.9%           | 5.1%              | 12.2%        |
| Wicomico                | 15.6%                         | 8.3%                          | 14.1%                     | (1.8%)           | 1.4%          | 13.6%           | 5.1%              | 12.9%        |
| Worcester               | 27.2%                         | 8.3%                          | 11.9%                     | 0.2%             | 1.4%          | 15.5%           | 5.1%              | 13.9%        |
| Unallocated             | (5.9%)                        | 66.0%                         | 107.0%                    | 1.7%             | n.a.          | 39.1%           | 0.4%              | 39.1%        |
| <b>Total</b>            | <b>22.4%</b>                  | <b>5.2%</b>                   | <b>10.3%</b>              | <b>1.7%</b>      | <b>0.7%</b>   | <b>11.8%</b>    | <b>5.1%</b>       | <b>11.1%</b> |

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

**Exhibit 4.4**  
**Total State Assistance to Local Governments**

**Direct State Aid**

| <b><u>Program</u></b>                          | <b><u>FY 2004</u></b>  | <b><u>FY 2005</u></b>  | <b><u>Difference</u></b> |
|--|------------------------|------------------------|--------------------------|
| Foundation Aid                                 | \$2,013,431,101        | \$2,114,566,822        | \$101,135,721            |
| Compensatory Education                         | 350,797,986            | 487,518,782            | 136,720,796              |
| Student Transportation – regular               | 150,267,234            | 156,458,125            | 6,190,891                |
| Student Transportation – special education     | 16,741,800             | 19,046,300             | 2,304,500                |
| Special Education – formula                    | 116,239,080            | 157,232,658            | 40,993,578               |
| Special Education – nonpublic placements       | 103,967,833            | 108,762,309            | 4,794,476                |
| Special Education – infants & toddlers         | 5,199,999              | 5,199,999              | 0                        |
| Limited English Proficiency Grants             | 38,870,353             | 51,329,895             | 12,459,542               |
| Extended Elementary                            | 19,262,500             | 16,854,787             | (2,407,713)              |
| Baltimore City Partnership                     | 28,186,032             | 21,139,524             | (7,046,508)              |
| Aging Schools                                  | 10,370,000             | 10,370,000             | 0                        |
| Teacher Development/Mentoring Programs         | 7,884,000              | 7,550,000              | (334,000)                |
| Adult Education                                | 2,513,622              | 2,513,622              | 0                        |
| Food Service                                   | 6,264,664              | 6,264,664              | 0                        |
| Gifted and Talented Grants                     | 534,829                | 534,829                | 0                        |
| Out-of-county Placements                       | 6,863,043              | 7,263,043              | 400,000                  |
| Teacher's Salary Grant                         | 5,313,564              | 0                      | (5,313,564)              |
| Headstart                                      | 3,000,000              | 3,000,000              | 0                        |
| Education Modernization                        | 8,679,999              | 3,999,999              | (4,680,000)              |
| School Reconstitution                          | 11,779,600             | 11,779,600             | 0                        |
| Other Programs                                 | 23,648,569             | 39,127,918             | 15,479,349               |
| <b>Total Primary &amp; Secondary Education</b> | <b>\$2,929,815,808</b> | <b>\$3,230,512,876</b> | <b>\$300,697,068</b>     |
| Library Formula                                | 27,284,507             | 27,770,841             | 486,334                  |
| Library Network                                | 13,944,964             | 14,177,084             | 232,120                  |
| <b>Total Libraries</b>                         | <b>\$41,229,471</b>    | <b>\$41,947,925</b>    | <b>\$718,454</b>         |
| Community College Formula                      | 142,701,092            | 146,554,896            | 3,853,804                |
| Grants for ESOL Programs                       | 2,343,100              | 2,500,000              | 156,900                  |
| Optional Retirement                            | 8,565,414              | 9,243,721              | 678,307                  |
| Small College Grant/Allegany & Garrett Grant   | 3,100,002              | 3,100,002              | 0                        |
| Statewide Programs                             | 2,994,828              | 6,545,655              | 3,550,827                |
| <b>Total Community Colleges</b>                | <b>\$159,704,436</b>   | <b>\$167,944,274</b>   | <b>\$8,239,838</b>       |

| <b><u>Program</u></b>                      | <b><u>FY 2004</u></b>  | <b><u>FY 2005</u></b>  | <b><u>Difference</u></b> |
|--|------------------------|------------------------|--------------------------|
| Highway User Revenue                       | 366,104,083            | 426,646,792            | 60,542,709               |
| Elderly and Handicapped Transportation Aid | 4,315,788              | 4,315,788              | 0                        |
| Paratransit                                | 2,806,000              | 2,806,000              | 0                        |
| <b>Total Transportation</b>                | <b>\$373,225,871</b>   | <b>\$433,768,580</b>   | <b>\$60,542,709</b>      |
| Police Aid                                 | 61,072,412             | 62,429,381             | 1,356,969                |
| Fire And Rescue Aid                        | 10,000,000             | 10,000,000             | 0                        |
| Vehicle Theft Prevention                   | 1,238,844              | 1,238,844              | 0                        |
| 9-1-1 Grants                               | 5,300,000              | 5,300,000              | 0                        |
| Community Policing                         | 2,000,000              | 2,000,000              | 0                        |
| Foot Patrol/Drug Enforcement Grants        | 4,462,500              | 4,462,500              | 0                        |
| Law Enforcement Training Grants            | 100,000                | 100,000                | 0                        |
| Stop Gun Violence Grants                   | 1,000,000              | 955,500                | (44,500)                 |
| Violent Crime Grants                       | 5,000,000              | 4,514,000              | (486,000)                |
| Baltimore City State's Attorney Grant      | 1,288,470              | 1,735,000              | 446,530                  |
| Domestic Violence Grants                   | 200,000                | 200,000                | 0                        |
| School Vehicle Safety Grant                | 550,000                | 550,000                | 0                        |
| Body Armor                                 | 50,000                 | 50,000                 | 0                        |
| <b>Total Public Safety</b>                 | <b>\$92,262,226</b>    | <b>\$93,535,225</b>    | <b>\$1,272,999</b>       |
| Program Open Space                         | 20,593,888             | 15,000,000             | (5,593,888)              |
| Critical Area Grants                       | 802,000                | 801,000                | (1,000)                  |
| <b>Total Recreation/Environment</b>        | <b>\$21,395,888</b>    | <b>\$15,801,000</b>    | <b>(\$5,594,888)</b>     |
| <b>Local Health Formula</b>                | <b>60,435,704</b>      | <b>60,877,984</b>      | <b>442,280</b>           |
| <b>Utility Property Tax Grant</b>          | <b>26,201,592</b>      | <b>30,615,201</b>      | <b>4,413,609</b>         |
| <b>Disparity Grant</b>                     | <b>105,831,420</b>     | <b>93,102,399</b>      | <b>(12,729,021)</b>      |
| <b>Unclaimed Local Income Tax *</b>        | <b>0</b>               | <b>81,000,000</b>      | <b>81,000,000</b>        |
| Horse Racing Impact Aid                    | 1,341,400              | 1,341,400              | 0                        |
| Payments in Lieu of Taxes                  | 1,604,472              | 1,604,472              | 0                        |
| Security Interest Filing Fees              | 3,163,016              | 3,196,000              | 32,984                   |
| Baltimore City Lead Paint Abatement Grant  | 375,000                | 375,000                | 0                        |
| Senior Citizens Activities Center          | 400,000                | 500,000                | 100,000                  |
| Statewide Voting Systems                   | 2,517,051              | 1,751,187              | (765,864)                |
| Property Tax Credits                       | (10,010,000)           | 0                      | 10,010,000               |
| <b>Total Other Direct Aid</b>              | <b>(\$609,061)</b>     | <b>\$8,768,059</b>     | <b>\$9,377,120</b>       |
| <b>Total Direct Aid</b>                    | <b>\$3,809,493,355</b> | <b>\$4,257,873,523</b> | <b>\$448,380,168</b>     |

| <u>Program</u>                  | <u>FY 2004</u>         | <u>FY 2005</u>         | <u>Difference</u>    |
|---------------------------------|------------------------|------------------------|----------------------|
| <b>Payments-in-Behalf</b>       |                        |                        |                      |
| Retirement – Teachers           | 383,567,009            | 403,179,150            | 19,612,141           |
| Retirement – Libraries          | 8,018,751              | 8,439,070              | 420,319              |
| Retirement – Community Colleges | 15,234,305             | 16,045,736             | 811,431              |
| Retirement – Local Employees    | 1,624,743              | 1,576,711              | (48,032)             |
| <b>Total Payments-in-Behalf</b> | <b>\$408,444,808</b>   | <b>\$429,240,667</b>   | <b>\$20,795,859</b>  |
| <b>Total State Assistance</b>   | <b>\$4,217,938,163</b> | <b>\$4,687,114,190</b> | <b>\$469,176,027</b> |

\*One-time accelerated disbursement of unclaimed local income tax revenues.

### **Primary and Secondary Education**

State funding for public schools remains a high priority for the General Assembly. While State spending has been constrained in recent years, public schools continue to receive record increases in State funding. Public schools will realize a \$320.3 million increase in State funding in fiscal 2005, representing a 9.7 percent increase from the prior year. Direct aid to local school systems will total \$3.2 billion in fiscal 2005, representing a \$300.7 million, or 10.3 percent, increase from the prior year, and teachers' retirement payments will total \$403.2 million, representing a \$19.6 million, or 5.1 percent, increase from the prior year. The following is a brief discussion of the major State education aid programs.

**Foundation Program:** The foundation program ensures a minimum funding level per pupil and requires the counties to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. State aid under the foundation program will total \$2.1 billion in fiscal 2005, representing a \$101.1 million, or 5.0 percent, increase over the prior year. The per pupil foundation amount for fiscal 2005 is set at \$5,029. This represents a \$263, or 5.5 percent, increase over the fiscal 2004 per pupil foundation amount of \$4,766. Enrollment for the formula is based on the September 30, 2003, student enrollment count. Enrollment increased by 0.8 percent, from 821,984 students in 2002 to 828,961 students in 2003.

**Compensatory Aid:** The compensatory aid formula provides additional funding based on the number of economically disadvantaged students. The formula recognizes local fiscal disparities in wealth by adjusting the grants per compensatory education student by local wealth. The formula is calculated based on 97 percent of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced price meals in the prior fiscal year. State aid under the compensatory aid program will total \$487.5 million in fiscal 2005, representing a \$136.7 million, or 39.0 percent, increase over the prior year. The per pupil funding amount for fiscal 2005 is set at \$1,805. This represents a \$464, or 34.6 percent, increase

over the fiscal 2004 per pupil amount of \$1,341. The enrollment count used for the program in fiscal 2005 totals 264,094 students.

***Teachers' Retirement Payments:*** The State pays 100 percent of the employer's share of retirement costs for local school system employees in the Teachers' Retirement and Pension Systems maintained by the State. Rather than distributing the aid to the local boards of education and billing them for the retirement contributions, the State appropriates a lump-sum payment to the retirement system "on behalf of" the local boards. The appropriation is calculated by increasing the second prior year's salary base by 5 percent and applying the contribution rate established by the retirement system's actuary. Teachers' retirement payments will total \$403.2 million in fiscal 2005, representing a 5.1 percent increase over the fiscal 2004 working appropriation due to an increase in the salary base.

***Student Transportation:*** Each local school system receives a grant for student transportation based on the county's grant in the previous year increased by inflation. Increases cannot exceed 8.0 percent or be less than 3.0 percent. Local school systems with enrollment increases receive additional funds. The State also provides a grant of \$700 per student for transporting disabled students. The fiscal 2005 budget includes \$156.5 million for regular transportation services and \$19.0 million for special transportation services. The Governor proposed adjusting the regular student transportation grant by limiting the inflationary increase to the consumer price index (CPI) with no minimum upwards adjustment. This would have reduced State funding by \$3.0 million in fiscal 2005. However, the General Assembly did not adopt this proposed reduction.

***Special Education:*** State aid for special education recognizes the additional costs associated with providing programs for students with disabilities. Most special education students receive services in the public schools; however, if an appropriate program is not available in the public schools, students may be placed in a private school offering more specialized services. The State and local school systems share the costs of these nonpublic placements. The special education formula is calculated based on 74 percent of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. State funding for public special education programs will total \$157.2 million in fiscal 2005, representing a \$41.0 million, or 35.3 percent, increase over the prior year. Funding for nonpublic placements will total \$108.8 million in fiscal 2005, representing a \$4.8 million, or 4.6 percent, increase over the prior year.

The Budget Reconciliation and Financing Act of 2004, **SB 508/Chapter 430**, contains a significant revision to the funding of nonpublic placements. The costs for those students with severe disabilities who are placed in nonpublic day facilities or residential treatment centers (RTCs) are shared between the local school systems and the State. The bill reduces the State's share of nonpublic placement special education funding by increasing the local share of funding. Under current law, for each nonpublic placement a local school system pays its respective local share of the basic cost of education plus two times the total basic cost of education, and 20 percent of any expense above that sum. The State pays for the remaining 80 percent of the costs

above the base local funding. The bill shifts more of the costs above the base local share to local school systems by increasing the current local share of 20 percent to 25 percent in fiscal 2005 only. The fiscal 2005 budget bill includes a reduction of \$6.4 million for this program to reflect this change in the State's share of costs.

**Limited English Proficiency:** The State provides grants to support programs for non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99 percent of the annual per pupil foundation amount. The fiscal 2005 grant per LEP student is \$1,842, representing a \$474, or 34.6 percent, increase over the fiscal 2004 grant per LEP student. State funding for the program will total \$51.3 million in fiscal 2005, representing a \$12.5 million, or 32.1 percent, increase over the prior year. The number of LEP students in Maryland total 27,849 for the 2003–2004 school year.

**Extended Elementary Education Program:** As part of the Bridge to Excellence in Public Schools Act of 2002, certain mandated State aid programs are phased out by fiscal 2008, while other programs with enhanced funding that distribute State aid to local school systems based on student enrollments and local wealth are phased in. One of the programs to be eliminated is the Extended Elementary Education Program (EEEP), which funds pre-kindergarten programs for students identified as having a high risk of failure in school. Under current law, EEEP is fully funded at approximately \$19.3 million in fiscal 2005 through 2007 but would not be funded in fiscal 2008 and subsequent years. The Budget Reconciliation and Financing Act of 2004 reduces funding for fiscal 2005 only by 12.5 percent, effectuating a contingent general fund reduction of \$2,407,713 in the budget bill. Accordingly, funding for EEEP will total \$16.9 million in fiscal 2005. Funding would rebound to \$19.3 million in fiscal 2006 and 2007.

**Judy Hoyer and Head Start Programs:** This program provides financial support for the establishment of centers that provide full-day, comprehensive, early education programs, and family support services that will assist in preparing children to enter school ready to learn. This program also provides funding to support childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2005 State budget includes \$7.6 million for Judy Center grants, \$3.0 million for school readiness and program accreditation, and \$3.0 million for head start programs.

**Infants and Toddlers Program:** This program provides for a statewide community-based interagency system of comprehensive early intervention services for eligible children who are less than three years old. Eligible children include those who have developmental delays or disabilities. State funding for infants and toddlers programs will total \$5.2 million in fiscal 2005.

**Adult Education:** The State provides funding for adult education services through four programs: adult general education, external diploma program, literacy works grant, and adult education and literacy works. State funding for adult education programs will total \$2.5 million in fiscal 2005. The State does not use a statutory formula to determine the level of funding for adult education and literacy programs.



**Teacher Quality Incentives:** The State provides salary enhancements for teachers obtaining national certification, a signing bonus for teachers graduating in the top of their class, and a stipend for teachers working in a reconstitution-eligible or challenge school. The fiscal 2005 State budget includes \$7.6 million for these teacher quality incentives.

**Challenge Grants:** These grants are distributed to schools where the average daily attendance is low, the dropout rate is high, and student scores on State tests are low. State funding for the program totals \$6.8 million in fiscal 2004 and \$3.8 million in fiscal 2005. The fiscal 2005 budget includes language that specifies that the grants provided in fiscal 2005 be proportional to the grants received in fiscal 2004 as the State transitions the challenge grant program to be consistent with new accountability standards and the federal No Child Left Behind requirement after fiscal 2005.

**Baltimore City Partnership Grant:** This program is part of the State's effort to reform the Baltimore City Public School System. Baltimore City will receive \$21.1 million in fiscal 2005. This funding is phasing out as the Bridge to Excellence in Public Schools Act of 2002 formulas phase in.

**Aging Schools Program:** The aging school program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings that are more than 15 years old. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. State funding for the aging schools program will total \$10.37 million in fiscal 2005.

The Public School Facilities Act of 2004, **SB 787 (Chapter 306)/HB 1230 (Chapter 307)**, implements many of the recommendations of the Task Force to Study Public School Facilities including a provision that alters the allocation of the Aging Schools Program beginning in fiscal 2006. This bill bases the program's funding on the current percentage of pre-1970 square footage and retains the current \$65,000 and \$85,000 minimum allocations. Local school systems with 0.49 percent or less of the statewide pre-1970 square footage receive \$65,000 and local school systems with 0.50 percent but less than 1.0 percent of the statewide pre-1970 square footage receive \$85,000. Seven local school systems would receive more funding while nine local school systems would receive less funding. A provision in the fiscal 2005 capital budget indicates that the intent of the General Assembly is that a county will receive in fiscal 2006 at least 75 percent of the funding provided in fiscal 2005. The special grant is phased out after fiscal 2008.

**Teacher Salary Challenge Program:** The Budget Reconciliation and Financing Act of 2004 repeals the Governor's Teacher Salary Challenge program one year before its termination date under current law. Established by Chapters 492 and 493 of 2000, under the program the State provided a 1.0 percent match to school systems that increased teacher salaries by at least 4.0 percent in fiscal 2001 and 2002. Other components of the program provided grants to less wealthy school systems. Chapter 420 of 2001 continued the funding through fiscal 2003. The Bridge to Excellence in Public Schools Act of 2002 mandated that the funds be phased out by

fiscal 2006 as the new Bridge to Excellence formulas significantly increased overall aid to local school systems. The bill effectuates a contingent reduction of \$20.9 million in the fiscal 2005 budget bill.

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

### **Local Libraries**

State aid to local libraries will total \$50.4 million in fiscal 2005, representing a \$1.1 million, or 2.3 percent, increase over the prior year.

***Minimum Per Capita Library Program:*** The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. The minimum library program is specified in statute. For fiscal 2005, the program is based on a \$12 per capita grant. Overall, the State provides 40 percent of the minimum program, and the counties provide 60 percent. However, the State/local share of the minimum program varies by county depending on local wealth. In fiscal 2005, State funding for the library program will total \$27.8 million, representing a \$0.5 million, or 1.8 percent, increase over the prior year.

***State Library Network:*** The network consists of the Central Library of the Enoch Pratt Free Library System in Baltimore City, three regional resource centers, and metropolitan cooperative service programs. The Enoch Pratt Free Library operates as the designated State Library Resource Center. It will receive \$10.2 million in State funding in fiscal 2005, equaling \$1.85 per State resident. In addition to the State center, regional resource centers serve Western Maryland (Hagerstown), Southern Maryland (Charlotte Hall), and the Eastern Shore (Salisbury). The regional centers will receive \$3.9 million in fiscal 2005, equaling \$4.50 per resident in the region served.

***Retirement Payments:*** The State pays 100 percent of the employer's share of retirement costs for local library employees in the Teachers' Retirement and Pension Systems maintained by the State. State funding for library retirement payments will total \$8.4 million in fiscal 2005, representing a \$0.4 million, or 5.2 percent, increase.

### **Community Colleges**

State aid to local community colleges will total \$184.0 million in fiscal 2005, representing a \$9.1 million, or 5.2 percent, increase from the prior year.

**Senator John A. Cade Funding Formula:** State funding under the formula will total \$146.6 million in fiscal 2005, representing a \$3.9 million, or 2.7 percent, increase from the prior year.

**Special Programs:** State funding will remain at \$2.5 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 \$5.0 million, representing a \$2.0 million, or 66.0 percent, increase. State funding for the ESOL program will total \$2.5 million in fiscal 2005, a \$0.2 million, or 6.7 percent, increase from the prior year. The Innovative Partnership for Technology program will receive \$1.6 million in funding. The Budget Reconciliation and Financing Act of 2004 defers an additional \$1.6 million for this program until fiscal 2006.

**Retirement Payments:** The State pays 100 percent of the employer's share of retirement costs for community college faculty in the Teachers' Retirement and Pension Systems maintained by the State. State funding for community college retirement payments will total \$16.0 million in fiscal 2005, representing a \$0.8 million, or 5.3 percent, increase. In addition, State funding for the optional retirement program will total \$9.2 million in fiscal 2005, representing a \$0.7 million, or 7.9 percent, increase.

### **Local Health Departments**

The State provides funds to support the delivery of public health services in each of Maryland's 24 local jurisdictions. Support for this program is formula-driven, with increases based on inflation and population growth. State aid for local health departments will total \$60.9 million in fiscal 2005, representing a \$0.4 million, or 0.7 percent, increase.

### **County and Municipal Governments**

State funding for counties and municipalities will total \$758.2 million in fiscal 2005, representing a \$138.2 million, or 22.3 percent, increase over the prior year. Local highway user revenues and unclaimed local income tax revenues account for most of the aid increases.

**Highway User Revenues:** Local governments were originally scheduled to receive \$484.7 million in local highway user revenues in fiscal 2005. However, cost containment action taken at the 2003 session transferred \$51.2 million in local highway user revenues in fiscal 2005 to the State's general fund. Furthermore, the Budget Reconciliation and Financing Act of 2004 transfers an additional \$51.2 million to the State's general fund in fiscal 2005. Due to these two actions, local highway user revenues are reduced by \$102.4 million in fiscal 2005, from \$484.7 million to \$382.3 million. This reduction is partly offset by **HB 1467/Chapter 9** which increases the State motor vehicle registration fee. This legislation will provide local governments with an additional \$44.4 million in local highway user revenues in fiscal 2005.

Based on these actions, local highway user revenues will total \$426.6 million in fiscal 2005, representing a \$60.5 million, or 16.5 percent, increase.

***Other Transportation Aid:*** State funding for elderly/disabled transportation grants will remain at \$4.3 million in fiscal 2005 and funding for paratransit grants will remain at \$2.8 million.

***Police Aid Formula:*** Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Budget Reconciliation and Financing Act of 2003 (Chapter 203), directs the Maryland State Police to recover 30 percent of the State crime laboratories costs relating to evidence-testing services from local jurisdictions. A portion of the assessment is based on each jurisdiction's share of total Part I crime in the State, and the remaining portion of the assessment is based on the assessable wealth of each jurisdiction. Part I crimes are defined as murder, forcible rape, robbery, aggravated assault, breaking and entering, larceny-theft, and motor vehicle theft. After the crime laboratory adjustment, police aid will total \$62.4 million in fiscal 2005, representing a \$1.4 million, or 2.2 percent, increase from the prior year.

***Public Safety Grants:*** State funding for targeted public safety grants will total \$12.8 million in fiscal 2005. 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, and the body armor grants. In addition, the Baltimore City State's Attorney Office will receive \$1.7 million in fiscal 2005 to assist in the prosecution of gun offenses and repeat violent offenders.

***Vehicle Theft Prevention Program:*** This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for the purpose of establishing vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a nonlapsing dedicated fund that receives up to \$2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for this program will total \$1.2 million in fiscal 2005.

***Fire, Rescue, and Ambulance Services:*** The State provides formula grants to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The grants are for equipment and renovation projects, not operating costs. The program is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). The grant level is set at \$10.0 million in fiscal 2005.

**911 Emergency Systems Grant:** State funding to local 911 emergency systems will remain at \$5.3 million in fiscal 2005.

**Program Open Space Grants:** Under Program Open Space, the State provides grants to the counties and Baltimore City for land acquisition and the development of parks and recreation facilities. The State property transfer tax funds Program Open Space and related programs. The Budget Reconciliation and Financing Act of 2004 redirected \$28.5 million transfer tax revenues to the general fund in fiscal 2005. GO bond funding of \$15.0 million is provided to help offset this decrease. Accordingly, local governments will realize a \$13.5 million reduction in Program Open Space funding in fiscal 2005.

**Disparity Grants:** The disparity grants address the differences in the capacities or abilities of the counties to raise revenues from the local income tax. Counties with per capita local income tax revenue less than 75 percent of the State's average receive grants. Aid received by a county equals the dollar amount necessary to raise the county's per capita income tax revenues to 75 percent of the State average. The fiscal 2005 budget includes \$93.1 million for disparity grants, which includes \$92.6 million in statutory grants and a \$0.5 million discretionary grant for Garrett County. The discretionary grant is to ensure that Garrett County does not realize a net decrease in State aid in fiscal 2005.

**Utility Restructuring Grant:** Ten counties and Baltimore City receive an electricity generating equipment property tax grant that partially offsets lost local revenues resulting from the electric and gas utility tax reform passed in the 1999 session. The grants totaled \$15.3 million in fiscal 2001 and \$30.6 million in fiscal 2002 and 2003. The fiscal 2004 appropriation was reduced by \$4.4 million, or 14.4 percent, by the Board of Public Works on July 30, 2003. The adjusted appropriation for fiscal 2004 totaled \$26.2 million. The Governor proposed eliminating funding for the grant contingent upon the enactment of legislation. However, the General Assembly rejected this proposal, and the grants were fully funded at \$30.6 million in fiscal 2005.

**Unclaimed Local Income Tax Revenues:** The Budget Reconciliation and Financing Act of 2004 modifies the time frame for the Comptroller's Office to hold unclaimed local income tax revenue in its local income tax reserve account from three years to one year and provides for a one-time distribution of \$81.0 million each to the State and the local jurisdictions.

## State Mandates on Local Governments

Eleven State mandates\* were imposed on units of local government during the 2004 legislative session. The mandates involved alcohol/drug treatment, collective bargaining, courts and law enforcement, education, the environment, procurement, and transportation.

| Summary of State Mandates  |          |
|----------------------------|----------|
| Alcohol/Drug Treatment     | 1        |
| Collective Bargaining      | 1        |
| Courts and Law Enforcement | 2        |
| Education                  | 2        |
| Environment                | 2        |
| Procurement                | 2        |
| Transportation             | <u>1</u> |
| 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 discernable fiscal impact on the local government unit (*Maryland Annotated Code*, State Government Article, § 2-1501(c)). In the following section, legislation that imposes a State mandate is marked accordingly.

## Legislation Affecting Local Government Revenues

| Bill #  | Title  | Revenue Effect   | Mandate |
|---|--|--|---------|
| <b>Legislation Affecting All/Multiple Local Jurisdictions</b> |  |  |         |
| SB 76   | Recordation Tax – Refinancing Instrument – Trusts (Ch. 248)  | Potential minimal decrease in recordation tax revenues.  |         |
| SB 186/<br>HB 294   | Brownfields Redevelopment Reform Act (Ch. 72/73)   | Potential increase in financial assistance for redevelopment of properties. Potential economic development revenues.   |         |
| SB 187  | Office of the Comptroller – Tax Compliance – Settlement Period (Ch. 557)   | Indeterminate impact on highway user revenue grants based on corporate income tax distribution.  |         |
| SB 194/<br>HB 295   | Crimes – Substance Abuse – Parole – Civil Commitment – Diversion (Ch. 237/238)   | Potential minimal increase in State funds for alcohol and drug treatment.  |         |
| SB 294/<br>HB 626   | Transportation – Maryland Senior Rides Demonstration Program (Ch. 112/113)   | Potential grant revenue of up to \$100,000 per county.   |         |
| SB 320  | Water Pollution – State Waters – The Bay Restoration Fund (Ch. 428)  | Increase of \$822.5 million in grants from FY 2005 – 2009. Locals can retain up to 5% of fees collected (estimated at \$1.53 million in FY 2005) for administrative costs. |         |
| SB 355/<br>HB 316   | Criminal Law – Resisting or Interfering with Arrest (Ch. 118/119)  | Potential minimal increase in fines.   |         |
| SB 365/<br>HB 24  | Criminal Law – Animal Cruelty – Dogfighting and Cockfighting (Ch. 120/121)   | Potential minimal increase in fines.   |         |
| SB 452  | State Boat Act – Waterway Improvement Fund – Authorized Uses (Ch. 460)   | Potential increase in waterway improvement project funds.  |         |
| SB 457  | Vehicle Laws – Interference with Operation of Traffic Control Device or Railroad Sign or Signal – Prohibitions (Ch. 126) | Potential minimal increase in fines.   |         |

## Legislation Affecting Local Government Revenues

| Bill # | Title   | Revenue Effect   | Mandate |
|--------|---|--|---------|
| SB 508 | Budget Reconciliation and Financing Act of 2004 (Ch. 430) | <p>Decrease of \$28.5 million in local share of Program Open Space in FY 2005 (partially offset by \$15.0 million in general obligation bond funding in the capital budget). Decrease of \$29.7 million in State education aid in FY 2005. Decrease of \$51.2 million in State highway user revenue sharing in FY 2005 (partially offset by increases in highway user revenues due to increased TTF revenues from various tax provisions in this bill). Increase of \$81.0 million due to one-time transfer of unclaimed local income tax revenues in FY 2005. Significant increase in local health department revenues due to doubling of statutory caps on certain fees charged. Potentially significant increase in local income tax collections due to federal tax decoupling provisions. Increased revenues of \$13.0 million due to mandated FY 2005 deficiency appropriation for local jail reimbursement (to be in FY 2006 budget). Potentially significant increased education aid in FY 2006 and subsequent years due to codification of the geographic cost of education index. Increased aid of \$442,210 to specified local agencies to supplement federal aging grants in FY 2005 and 2006. Potential increased aid to local volunteer fire companies for replacement of equipment or structures that house equipment.</p> <p><i>Baltimore City only:</i> Potential increase of \$1.5 million in FY 2005 for park operations and maintenance. Potential increase in highway user revenues in FY 2005 due to clarification of the formula. Decrease of \$1.6 million in academic health center grants for the city's local public health program under the Cancer Prevention, Education, Screening, and Treatment Program in FY 2005.</p> |         |



## Legislation Affecting Local Government Revenues

| Bill #             | Title  | Revenue Effect   | Mandate |
|--------------------|--|--|---------|
| SB 512             | Criminal Law – Sexual Solicitation of a Minor (Ch. 285)  | Potential minimal increase in fines.   |         |
| SB 604             | Maryland Spam Deterrence Act (Ch. 470)   | Potential minimal increase in fines.   |         |
| SB 688             | State Employees – Unused Annual Leave – Special Pay Plan (Ch. 302)   | Reduced income tax revenues due to deferrals by separating employees.  |         |
| SB 787/<br>HB 1230 | Public School Facilities Act of 2004 (Ch. 306/307)   | Local funding for school construction would be significantly affected.   |         |
| SB 837             | Crimes – Counterfeiting and Possession of Counterfeit Check, Letter of Credit, or Negotiable Instrument (Ch. 484)              | Potential minimal increase in fines.   |         |
| SB 869/<br>HB 1308 | Electricity Regulation – Renewable Energy Portfolio Standard and Credit Trading – Maryland Renewable Energy Fund (Ch. 487/488) | Potential increase in revenues for any jurisdiction that becomes a generator of eligible electricity.                            |         |
| HB 24/<br>SB 365   | See entry for SB 365.  |  |         |
| HB 76              | Crimes – Knowingly and Willfully Causing Another to Ingest Bodily Fluid (Ch. 318)  | Potential minimal increase in fines.   |         |
| HB 158             | Education – Disabled Student Transportation Grant (Ch. 38)   | Aggregate decrease in State aid to local school systems of \$57,600 in FY 2006 and \$129,000 by FY 2009.                         |         |
| HB 165             | Department of Housing and Community Development – Community Legacy Program – Neighborhood Intervention Projects (Ch. 499)      | Potential increase in property or income tax revenues for counties that redevelop properties.                                    |         |
| HB 172             | Higher Education – Resident Tuition Charges – United States Military Personnel, Spouses, and Dependents (Ch. 325)              | Potential minimal increase in State aid to community colleges beginning in FY 2007.  |         |
| HB 216             | Homestead Tax Credit – Damaged Property (Ch. 43)   | Potential significant decrease in local property tax revenues. Any decrease depends on number of accidents or natural disasters. |         |
| HB 219             | Job Creation Tax Credit – Extension (Ch. 159)  | Potential decline in local highway user revenue grants of \$49,000 in FY 2008 and \$106,000 in FY 2009.                          |         |

## Legislation Affecting Local Government Revenues

| Bill #            | Title   | Revenue Effect  | Mandate |
|-------------------|---|---|---------|
| HB 228            | Motor Fuel Tax – Refunds – Concrete Pump Trucks (Ch. 161)   | Potential \$14,600 decline in highway user revenue grants based on motor fuel tax distribution.                         |         |
| HB 294/<br>SB 186 | See entry for SB 186.   |   |         |
| HB 295/<br>SB 194 | See entry for SB 194.   |   |         |
| HB 297            | Office of the Comptroller – Tax Compliance – Holding Companies (Ch. 556)  | Potential \$4.0 million increase in highway user revenue grants based on corporate income tax distribution.             |         |
| HB 313            | Public Safety – Impersonating a Law Enforcement Officer – Increased Penalties (Ch. 167)   | Potential minimal increase in fines.  |         |
| HB 316/<br>SB 355 | See entry for SB 355.   |   |         |
| HB 323            | Homestead Tax Credit – Agricultural Limited Liability Companies (Ch. 501)   | Aggregate local government decrease of \$53,000 annually beginning in FY 2005.  |         |
| HB 400            | Maryland Uniform Child Custody Jurisdiction and Enforcement Act (Ch. 502)   | Potential minimal increase in court filing revenues.  |         |
| HB 431            | Calvert County, Queen Anne’s County, and St. Mary’s County – Alcoholic Beverages – Class A Light Wine License (Ch. 345)                             | Increase of \$50 annually for each Class A light wine license issued in Calvert, Queen Anne’s, and St. Mary’s counties. |         |
| HB 472            | Allegany County and Garrett County – Alcoholic Beverages Licenses – Out-of-State Restriction (Ch. 176)  | Minimal decrease in license fees in Allegany and Garrett counties.  |         |
| HB 494            | Tidal Wetlands – Criminal Penalties (Ch. 505)   | Potential minimal decrease in fines.  |         |
| HB 575            | Criminal Law – First and Second Degree Escape – Home Detention, Juvenile, and Custodial Confinement Programs (Ch. 358)                              | Potential minimal increase in fines.  |         |
| HB 606            | Maryland Agricultural Land Preservation Program – Installment Purchase Agreements, Schedule of Installments, and Termination of Easements (Ch. 189) | Potential decrease in income tax revenues and Transportation Trust Fund distributions.                                  |         |

## Legislation Affecting Local Government Revenues

| Bill #            | Title   | Revenue Effect  | Mandate |
|-------------------|---|---|---------|
| HB 613            | Crimes – Visual and Camera Surveillance – Penalties (Ch. 361)   | Potential minimal increase in fines.  |         |
| HB 624            | Criminal Procedure – Expungement – Notice to Defendant (Ch. 362)                                      | Potential significant increase in expungement fees.   |         |
| HB 625            | Maryland Agricultural Land Preservation Foundation – Grants – Installment Purchase Programs (Ch. 190) | Potential decrease in income tax revenues and Transportation Trust Fund distributions.  |         |
| HB 626/<br>SB 294 | See entry for SB 294.   |   |         |
| HB 638            | Environment – Landfills – Bonds (Ch. 191)   | Increase in securities filed to offset landfill closing costs in the event of a default.  |         |
| HB 641            | Higher Education – Community Colleges – Unrestricted Grants (Ch. 192)                                 | State aid from additional small community college grants of \$360,000 annually for Allegany College of Maryland and \$240,000 annually for Garrett College would continue beyond FY 2005. |         |
| HB 663            | Maryland Historical Trust – Historic Preservation Loan Fund – Refinancing Properties (Ch. 195)        | Potential minimal increase in State loan revenues.  |         |
| HB 671            | Board of Professional Counselors and Therapists – Hearings – Penalties (Ch. 511)                      | Potential minimal increase in fines.  |         |
| HB 679            | Maryland Heritage Structure Rehabilitation Program (Ch. 76)   | Potential decline in local highway user revenue grants of \$41,000 in FY 2006, \$129,000 in FY 2006, and \$172,000 in FY 2007 and FY 2008.  |         |
| HB 746            | Marriage Ceremonies – Authorized Officials – Fees (Ch. 199)   | Minimal increase in marriage performance fees.  |         |
| HB 780            | Food Establishments – Volunteer Fire Companies – Unlicensed Operation (Ch. 376)                       | Minimal decrease in licensing fees for local health departments.  |         |
| HB 799            | Board of Physical Therapy Examiners (Ch. 518)   | Potential minimal increase in fines.  |         |
| HB 804            | Property Tax Credit – High Performance Buildings (Ch. 519)  | Potential decrease in local property tax revenues.  |         |

## Legislation Affecting Local Government Revenues

| Bill #             | Title  | Revenue Effect  | Mandate |
|--------------------|--|---|---------|
| HB 820             | Property Tax and Transfer and Recordation Taxes – Land Trusts – Credits and Exemptions (Ch. 379)   | Minimal decrease.   |         |
| HB 890             | Municipal Corporations – Regulation of Junkyards, Dumps, and Other Facilities – Ordinances (Ch. 521)   | Minimal increase in municipal revenues from fines for violations of junkyard ordinances.  |         |
| HB 912             | Municipal Corporations – Annexations – Limitations on Uses of Land and Densities of Development (Ch. 385)  | Minimal increase in municipal revenues where property annexed to a municipality is zoned for a different use than under a county plan.                            |         |
| HB 944             | State Acupuncture Board – Maryland Acupuncture Act – Revisions (Ch. 387)   | Potential minimal increase in fines.  |         |
| HB 1009            | Chesapeake and Atlantic Coastal Bays Critical Area Protection Program – Miscellaneous Enforcement Provisions (Ch. 526)                               | Minimal increase in fines.  |         |
| HB 1020            | Litter Control – Fines (Ch. 214)   | Potential increase in fines.  |         |
| HB 1064            | Economic Development – Smart Growth Economic Development Infrastructure Fund – Maryland Economic Development Assistance Authority and Fund (Ch. 216) | Potential significant State grant or loan revenues for eight qualifying counties continues.   |         |
| HB 1208            | Crimes – Internet Child Pornography (Ch. 539)  | Potential minimal increase in fines.  |         |
| HB 1230/<br>SB 787 | See entry for SB 787.  |   |         |
| HB 1308/<br>SB 869 | See entry for SB 869.  |   |         |
| HB 1332            | Motor Homes and Travel Trailers – Vehicle Excise Tax – Definitions – Extension of Sunset (Ch. 545)   | Potential significant decrease in titling tax revenues continues.   |         |
| HB 1443            | Juvenile Causes – Truancy Reduction Program (Ch. 551)  | Potential total increase of \$100,000 annually in State grants to juvenile courts in Dorchester, Somerset, Wicomico, and Worcester counties from FY 2005 to 2007. |         |
| HB 1467            | Transportation Trust Fund – Transportation Financing – Increased Revenues (Ch. 9)  | Increase of up to \$44.4 million annually in highway user revenue.  |         |

## Legislation Affecting Local Government Revenues

| Bill #  | Title  | Revenue Effect                                      | Mandate |
|---------|--|---|---------|
| HB 1471 | Dredged Material Disposal Alternatives Act of 2004 (Ch. 552) | Potential economic development revenues.            |         |
| HB 1541 | Environment – Well Permits – Fees (Ch. 555)                  | Aggregate increase of \$960,000 annually from fees. |         |

## Legislation Affecting Local Government Revenues

| Bill #  | Title  | Revenue Effect  | Mandate |
|---|--|---|---------|
| <b>Legislation Affecting Local Governments by Subdivision</b> |  |   |         |
| <i><b>Allegany County</b></i>                                 |  |   |         |
| SB 256  | Allegany County – Property Tax Credit – Gilchrist Museum (Ch. 259)   | County property tax revenues could decrease by \$2,466 annually and the City of Cumberland’s property tax revenues could decrease by \$2,150 annually.          |         |
| HB 1010   | Allegany County – Property Tax Credit – Residential Development Property (Ch. 527)   | Potential minimal decrease in property tax revenues.  |         |
| <i><b>Anne Arundel County</b></i>                             |  |   |         |
| SB 399  | Anne Arundel County – Wiley H. Bates High School Loan of 1997 (Ch. 32)   | Eligibility to receive approximately \$932,100 continues.   |         |
| SB 488  | Anne Arundel County – Alcoholic Beverages Licenses – Baltimore-Washington International Airport (Ch. 33)                                       | Increase of \$5,000 for each airport concessionaire license issued for BWI Airport and \$5,000 for each additional location where alcoholic beverages are sold. |         |
| HB 187  | Anne Arundel County – Highways – Solicitation of Money or Donations from Occupants of Vehicles – County Licensing Program Authorized (Ch. 156) | Potential minimal increase from new permit fee.   |         |
| HB 738  | Anne Arundel County – Property Tax Credit – Village Commons Community Center and Anne Arundel Community College (Ch. 371)                      | Property tax revenues decrease \$140,900 in FY 2005, increasing by 5% annually thereafter.  |         |
| HB 1398   | Anne Arundel County – Annapolis Maritime Museum Loan of 2001 (Ch. 231)   | Annapolis, as one of the grantees, continues to be eligible to receive up to \$100,000.   |         |
| HB 1450   | Anne Arundel County – Alcoholic Beverages – Class B-LSH License (Ch. 233)  | Increase of \$2,000 annually for each Class B-LSH license issued.   |         |

## Legislation Affecting Local Government Revenues

| Bill #                         | Title   | Revenue Effect   | Mandate |
|--------------------------------|---|--|---------|
| <b><i>Baltimore City</i></b>   |   |  |         |
| SB 384                         | Baltimore City – 46 <sup>th</sup> and 47 <sup>th</sup> Alcoholic Beverages Districts – License Issuance, Conversion, and Transfer (Ch. 453) | Increase of \$1,400 for each Class B beer, wine, and liquor license issued and \$1,100 for each license renewed.             |         |
| HB 1203                        | Baltimore City – General Powers – Tax Increment Financing (Ch. 405)   | Potential increases in property and income tax revenues offset by potential significant increase in annual debt service.     |         |
| HB 1533                        | Baltimore City – Alleys (Ch. 423)   | Minimal increase from lease payments.  |         |
| <b><i>Baltimore County</i></b> |   |  |         |
| SB 161                         | Redhouse Run Stormwater System Loan of 1984 (Ch. 28)  | Eligibility to receive \$1.7 million for stormwater systems continues.   |         |
| SB 796                         | Baltimore County – Alcoholic Beverages – Class BDR (Deluxe Restaurant) (On-Sale) Beer, Wine, and Liquor Licenses (Ch. 141)                  | Increase of \$1,000 for each Class B beer, wine, and liquor license issued.  |         |
| SB 910                         | Baltimore County – Arbutus Community Center Loan of 2000 (Ch. 149)  | County has additional time to have its \$250,000 matching fund certified by the Board of Public Works.                       |         |
| HB 1219                        | Baltimore County – Alcoholic Beverages – Additional Class B (Restaurant) License (Ch. 408)  | Increase of \$1,000 for each Class B (on-sale, hotels and restaurants) beer, wine, and liquor license issued.                |         |
| <b><i>Calvert County</i></b>   |   |  |         |
| HB 699                         | Calvert County – Public Facilities Bonds (Ch. 367)  | Bond proceeds of up to \$5.1 million for capital projects.   |         |
| <b><i>Caroline County</i></b>  |   |  |         |
| HB 1162                        | Code Home Rule Counties – Development Excise Taxes – Maximum Amount Per Lot (Ch. 538)   | Increase of \$165,000 annually in Caroline County. Revenues in the other five code home rule counties would not be affected. |         |

## Legislation Affecting Local Government Revenues

| Bill #                          | Title  | Revenue Effect  | Mandate |
|---------------------------------|--|---|---------|
| <b><i>Carroll County</i></b>    |  |   |         |
| SB 784                          | Carroll County – Public Facilities Bonds (Ch. 140)   | Bond proceeds of up to \$31 million for capital projects.                               |         |
| SB 786                          | Carroll County – County Roads – Funding and Construction (Ch. 34)  | Minimal increase in road construction payments by property owners.                      |         |
| HB 1387                         | Carroll County – Abatement of Zoning Violations and Violations of Codes Related to Construction (Ch. 548)    | Potential minimal increase to cover the cost of zoning and construction code abatement. |         |
| <b><i>Cecil County</i></b>      |  |   |         |
| SB 24                           | Cecil County – Public Facilities Bonds (Ch. 10)  | Bond proceeds of up to \$9.025 million for capital projects.                            |         |
| <b><i>Charles County</i></b>    |  |   |         |
| HB 792                          | Charles County – Alcoholic Beverages – License Fees (Ch. 204)  | Increase of \$22,570 annually from license fees.  |         |
| <b><i>Dorchester County</i></b> |  |   |         |
| SB 667                          | Dorchester County – Alcoholic Beverages – Fines and Suspensions (Ch. 300)                                    | Potential minimal increase in fines.  |         |
| HB 1161                         | Dorchester County – County Council – Building Excise Tax (Ch. 401)   | Increase of \$1.3 to \$2.7 million annually.  |         |
| <b><i>Frederick County</i></b>  |  |   |         |
| SB 441                          | Frederick County – Hotel Rental Tax (Ch. 276)  | Increase of \$936,800 annually if a 5% hotel rental tax is imposed.                     |         |
| SB 446                          | Frederick County – Alcoholic Beverages Licenses – Bed and Breakfast and Country Inn Establishments (Ch. 277) | Minimal increase in license fees.   |         |



## Legislation Affecting Local Government Revenues

| Bill #                   | Title   | Revenue Effect   | Mandate |
|--------------------------|---|--|---------|
| SB 606                   | Frederick County – Solid Waste Disposal Fee or Tax (Ch. 293)  | Increase of \$1.4 million from fees in FY 2005, increasing to \$2.9 million annually by FY 2008.   |         |
| HB 246                   | Frederick County – Participation in the Northeast Maryland Waste Disposal Authority (Ch. 163)             | Northeast Maryland Waste Disposal Authority revenues could increase by \$25,000 annually if Frederick County becomes subject to a participation fee. Potential effect on county revenues relating to solid waste activities. |         |
| <b>Harford County</b>    |   |  |         |
| HB 334                   | Harford County – Wine, Beer, and Other Alcoholic Beverages – Tasting and Sampling (Ch. 168)               | Decrease of \$1,750 annually in licensing fees.  |         |
| HB 965                   | Harford County School Construction Financing Act of 2004 (Ch. 389)  | Increase of \$16.7 to \$19.2 million annually assuming the maximum \$10,000 development impact fee.  |         |
| <b>Howard County</b>     |   |  |         |
| HB 1376                  | Howard County – Property Tax – Planned Development Land (Ch. 416)   | Property tax revenues increase \$81,500 beginning in FY 2010, increasing to \$108,700 in FY 2012.  |         |
| HB 1392                  | Howard County – Alcoholic Beverages Licenses – Out-of-State Restriction (Ch. 70)                          | Minimal decrease in license fees.  |         |
| HB 1445                  | Howard County – Public School Facilities Surcharge Ho. Co. 7-04 (Ch. 420)                                 | Increase of \$4.9 million annually.  |         |
| <b>Montgomery County</b> |   |  |         |
| HB 560                   | Montgomery County – Special Class C Beer License and Special Class C Beer and Wine License – Fee (Ch. 50) | Increase of \$15 for each special Class C beer or special Class C beer and wine license issued.  |         |
| HB 561                   | Montgomery County – Alcoholic Beverages – Restaurants – East County License (Ch. 51)                      | Increase of \$2,500 annually for each East County Class B (restaurant) beer, wine, and liquor (on-sale) license issued, \$700 for each initial application, and \$75 for each renewal.                                       |         |

## Legislation Affecting Local Government Revenues

| Bill #                               | Title  | Revenue Effect  | Mandate |
|--------------------------------------|--|---|---------|
| HB 562                               | Montgomery County – Kensington – Beer and Wine Licenses (Ch. 52)   | Increase of \$30 for each special 2-day on-sale beer and wine license issued and \$400 for each special B-K beer and wine license issued. |         |
| HB 563                               | Montgomery County – Special Class C Beer, Wine, and Liquor License – Fee (Ch. 53)                              | Increase of \$30 for each special Class C beer, wine, and liquor license issued.  |         |
| HB 775                               | Montgomery County – Alcoholic Beverages License – Rockshire Planned Residential Unit (Ch. 61)                  | Increase of \$1,100 in FY 2005 and \$475 annually beginning in FY 2006 from license fees.   |         |
| <b><i>Prince George's County</i></b> |  |   |         |
| SB 319                               | Prince George's County – Property Tax Credit – Property Owned by a Community Development Corporation (Ch. 265) | Property tax revenues could decrease depending on the assessment of the specified property.   |         |
| HB 184                               | Prince George's County North Brentwood Town Hall and Museum Project Loan of 1996 (Ch. 41)                      | North Brentwood continues to be eligible to receive \$175,000.  |         |
| HB 683                               | Prince George's County – Tax Sales – High-Bid Premium (Ch. 512)  | Potential minimal increase from high-bid premiums.  |         |
| <b><i>Queen Anne's County</i></b>    |  |   |         |
| SB 523                               | Queen Anne's County – Alcoholic Beverages – Wine Tasting License (Ch. 131)                                     | Increase of \$100 for each WT (wine tasting) license issued.  |         |
| HB 1135                              | Town of Sudlersville (Queen Anne's County) – Urban Renewal Authority for Slum Clearance (Ch. 400)              | Increase in Town of Sudlersville's revenues from the sale of land and properties taken by eminent domain to developers or investors.      |         |
| <b><i>St. Mary's County</i></b>      |  |   |         |
| HB 1286                              | St. Mary's County – Transfer Tax – Termination Provision (Ch. 411)   | Transfer tax revenues of \$3.5 million would be maintained.   |         |

## Legislation Affecting Local Government Revenues

| Bill #                          | Title  | Revenue Effect   | Mandate |
|---------------------------------|--|--|---------|
| HB 1295                         | St. Mary's County – Emergency Services Tax (Ch. 412)                                     | Special fund revenues could increase by \$1.7 million annually. General fund revenues could decrease by a commensurate amount.   |         |
| HB 1304                         | St. Mary's County – Impact Fees – Exceptions (Ch. 543)                                   | Decrease of up to \$350,000 in FY 2005 and 2006.   |         |
| HB 1333                         | St. Mary's County – St. Clement's Island – Potomac River Museum Loan of 1997 (Ch. 225)   | Eligibility to receive \$75,000 continues.   |         |
| HB 1522                         | Leonardtown – Alcoholic Beverages – Location of Premises with Class B License (Ch. 236)  | Increase of \$650 annually for Leonardtown for each Class B (on-sale) beer, wine, and liquor license issued.   |         |
| <b><i>Somerset County</i></b>   |  |  |         |
| SB 259                          | Somerset County – Board of County Commissioners – General Bonding Authority (Ch. 445)    | Bond proceeds of up to \$10 million annually for capital projects.   |         |
| HB 363                          | Somerset County – Sale of Portion of Harbaugh Road in Lawson Election District (Ch. 333) | Increase of \$5,000 from the sale of the portion of Harbaugh Road located in the Lawson Election District.   |         |
| HB 380                          | Somerset County – Hotel Rental Tax – Rate (Ch. 336)                                      | Increase of \$27,600 annually if a 5% hotel rental tax rate is imposed.  |         |
| <b><i>Talbot County</i></b>     |  |  |         |
| HB 897                          | Talbot County – Hotel Rental Tax Rate (Ch. 384)  | Increase of \$33,700 in FY 2005, \$67,500 in FY 2006, and \$33,700 in FY 2007 assuming a 4% hotel tax. Increase in municipal revenues of \$73,200 in FY 2005, \$146,500 in FY 2006, and \$73,200 in FY 2007 assuming a 4% hotel tax. |         |
| <b><i>Washington County</i></b> |  |  |         |
| HB 548                          | Washington County – Special Wine Tasting License and Alcohol Awareness Program (Ch. 184) | Increase of \$200 for each special wine tasting license issued.  |         |

## Legislation Affecting Local Government Revenues

| Bill #                  | Title   | Revenue Effect   | Mandate |
|-------------------------|---|--|---------|
| HB 794                  | Washington County – Public Facilities Bonds (Ch. 205)                             | Bond proceeds of up to \$75 million for capital projects.  |         |
| <i>Wicomico County</i>  |   |  |         |
| SB 681                  | Wicomico County – Alcoholic Beverages – Licenses and Open Containers (Ch. 301)    | Increase of \$550 for each caterer’s license issued and \$50 for each day that a special beer festival license is issued.                    |         |
| <i>Worcester County</i> |   |  |         |
| HB 514                  | Worcester County – Liquor Dispensaries – Homeowners Associations (Ch. 182)        | Decrease in Worcester County and Town of Berlin revenues if liquor dispensary profits are paid to a homeowners association.                  |         |
| HB 1480                 | Worcester County – Liquor Control Board – Net Profits from Dispensaries (Ch. 234) | Maintenance of county and municipal shares of revenues from the net profits of liquor dispensary operations in FY 2004 and subsequent years. |         |

## Legislation Affecting Local Government Expenditures

| Bill #  | Title  | Expenditure Effect  | Mandate |
|---|--|---|---------|
| <b>Legislation Affecting All/Multiple Local Jurisdictions</b> |  |   |         |
| SB 1  | Education – Teachers – State and Local Aid Program for Certification (Ch. 240)                                 | Local school system expenditures for national board certification fees for teachers would continue through FY 2008. |         |
| SB 5/<br>HB 124   | Attorney General – Prosecution of Criminal Offenses Reported by the Office of Legislative Audits (Ch. 241/242) | Potential increase in enforcement costs for State's Attorneys offices.  |         |
| SB 65   | Environment – Water Quality – Penalties (Ch. 21)   | Potential minimal incarceration costs.  |         |
| SB 194/<br>HB 295   | Crimes – Substance Abuse – Parole – Civil Commitment – Diversion (Ch. 237/238)                                 | Potential additional alcohol and drug treatment costs.<br>Potential decrease in incarceration costs.                | X       |
| SB 231  | Harford County and Cecil County – Bookstores and Entertainment Venues – Minors (Ch. 444)                       | Potential minimal increase in incarceration costs for Harford and Cecil counties.                                   |         |
| SB 282  | Mass Transit Services – Cost Recovery – Performance Standards (Ch. 447)  | Increase of \$78,300 for Prince George's and Montgomery counties in FY 2006 for audits.                             | X       |
| SB 294/<br>HB 626   | Transportation – Maryland Senior Rides Demonstration Program (Ch. 112/113)                                     | Potential minimal increase for matching State grant.  |         |
| SB 320  | Water Pollution – State Waters – The Bay Restoration Fund (Ch. 428)  | Potential significant increase in administrative costs, offset by retention of up to 5% of fees collected.          | X       |
| SB 323/<br>HB 806   | Economic Development Financial Assistance – Minority Business Enterprise Procurement Goals (Ch. 449/206)       | Significant increase to track utilization of MBEs.  | X       |
| SB 355/<br>HB 316   | Criminal Law – Resisting or Interfering with Arrest (Ch. 118/119)  | Potential minimal increase in incarceration costs.  |         |
| SB 365/<br>HB 24  | Criminal Law – Animal Cruelty – Dogfighting and Cockfighting (Ch. 120/121)                                     | Potential minimal increase in incarceration costs.  |         |
| SB 418  | Family Law – Property Disposition – Transfer of Family Use Personal Property (Ch. 457)                         | Potential significant increase in court costs.  |         |

## Legislation Affecting Local Government Expenditures

| Bill #             | Title  | Expenditure Effect   | Mandate |
|--------------------|--|--|---------|
| SB 437             | Health Insurance – Required Reimbursement – Podiatrists (Ch. 459)  | Minimal increase in employee health benefit expenditures if carriers increase premiums.  |         |
| SB 457             | Vehicle Laws – Interference with Operation of Traffic Control Device or Railroad Sign or Signal – Prohibitions (Ch. 126)       | Potential minimal increase in incarceration costs.   |         |
| SB 508             | Budget Reconciliation and Financing Act of 2004 (Ch. 430)  | Increased expenditures for nonpublic special education placements. Potential minimal increase in expenditures from fees on methadone clinics. Potential minimal decrease in expenditures in FY 2005 and 2006 for specified counties due to supplements for aging grants. | X       |
| SB 513             | Criminal Law – Theft, Bad Checks, and Credit Card Crimes – District Court Offenses (Ch. 130)                                   | Potential decrease in jury trial costs and potential minimal increase in incarceration costs.  |         |
| SB 543             | Department of Juvenile Services – Facilities and Reform Progress Reporting (Ch. 431)   | Potential minimal expenditure increase to collect race-related data.   |         |
| SB 571             | Criminal Law – Fictitious and Fraudulent Government Identification Documents – Prohibitions (Ch. 288)                          | Potential minimal increase in incarceration costs.   |         |
| SB 592             | Drunk and Drugged Driving – Death or Life Threatening Injury – Mandatory Tests (Ch. 468)                                       | Minimal increase in blood and alcohol testing costs.   |         |
| SB 604             | Maryland Spam Deterrence Act (Ch. 470)   | Potential minimal increase in incarceration costs.   |         |
| SB 713             | State Finance – State Projects or Programs – Funding (Ch. 135)   | Unencumbered bond authorizations and capital pay-as-you-go appropriations for local Program Open Space projects would not terminate after seven years.   |         |
| SB 837             | Crimes – Counterfeiting and Possession of Counterfeit Check, Letter of Credit, or Negotiable Instrument (Ch. 484)              | Potential minimal increase in incarceration costs.   |         |
| SB 869/<br>HB 1308 | Electricity Regulation – Renewable Energy Portfolio Standard and Credit Trading – Maryland Renewable Energy Fund (Ch. 487/488) | Potential minimal increase in expenditures for any jurisdiction that becomes an electricity supplier.  |         |

## Legislation Affecting Local Government Expenditures

| Bill #            | Title   | Expenditure Effect  | Mandate |
|-------------------|---|---|---------|
| SB 903            | Office of Minority Affairs – Special Secretary – Minority Business Participation in Procurement Contracts (Ch. 74)        | Potential significant increase in school construction procurement costs.                                      | X       |
| HB 18             | Election Law – Polling Places – Access by Minors (Ch. 317)  | Minimal one-time increase for training manual inserts.  |         |
| HB 24/<br>SB 365  | See entry for SB 365.   |   |         |
| HB 76             | Crimes – Knowingly and Willfully Causing Another to Ingest Bodily Fluid (Ch. 318)   | Potential minimal increase in incarceration costs.  |         |
| HB 124/<br>SB 5   | See entry for SB 5.   |   |         |
| HB 136            | Environment – Products That Contain Mercury – Labeling and Reclamation or Destination (Ch. 494)                           | Potential increase in purchase, recycling, and disposal costs.  |         |
| HB 165            | Department of Housing and Community Development – Community Legacy Program – Neighborhood Intervention Projects (Ch. 499) | Minimal increase in administrative expenditures for participating counties.                                   |         |
| HB 199            | Education – Public School Construction – Modular Construction (Ch. 326)   | Potential decrease in local school expenditures for school construction projects.                             |         |
| HB 295/<br>SB 194 | See entry for SB 194.   |   |         |
| HB 313            | Public Safety – Impersonating a Law Enforcement Officer – Increased Penalties (Ch. 167)                                   | Potential minimal increase in incarceration costs.  |         |
| HB 316/<br>SB 355 | See entry for SB 355.   |   |         |
| HB 356            | Education – School Vehicles – Length of Operation (Ch. 172)   | Minimal impact on local school expenditures.  |         |
| HB 358            | Public Schools – Centers for Disease Control and Prevention Youth Risk Behavior Surveillance System (Ch. 331)             | Potential minimal increase in parental consent form printing and distribution costs for local school systems. |         |

## Legislation Affecting Local Government Expenditures

| Bill #            | Title  | Expenditure Effect  | Mandate |
|-------------------|--|---|---------|
| HB 373            | Vehicle Laws – Driving While Impaired by Controlled Dangerous Substance – Penalties (Ch. 334)                          | Potential minimal increase in incarceration costs.  |         |
| HB 400            | Maryland Uniform Child Custody Jurisdiction and Enforcement Act (Ch. 502)  | Potential significant increase in court and law enforcement costs.  | X       |
| HB 449            | Dealers – Precious Metal Objects – Transfer of Records (Ch. 175)   | Minimal increase in county and municipal expenditures to acquire computer hardware and software to accept electronic transfer of records of daily transactions from secondhand dealers and pawnbrokers. |         |
| HB 493            | Environment – Hazardous Material Security (Ch. 504)  | Potential significant increase in security costs at hazardous material facilities.  | X       |
| HB 494            | Tidal Wetlands – Criminal Penalties (Ch. 505)  | Potential minimal increase in incarceration costs.  |         |
| HB 503            | Environmental Trust Fund – Extension of Environmental Surcharge (Ch. 181)  | Surcharge on electricity continues beyond FY 2005.  |         |
| HB 534            | Commissioner of Labor and Industry – Boiler and Pressure Vessel Safety – Authority and Inspection Intervals (Ch. 351)  | Minimal decrease in county and municipal expenditures due to less frequent inspections of low-risk boilers and pressure vessels.  |         |
| HB 575            | Criminal Law – First and Second Degree Escape – Home Detention, Juvenile, and Custodial Confinement Programs (Ch. 358) | Potential minimal increase in incarceration costs.  |         |
| HB 613            | Crimes – Visual and Camera Surveillance – Penalties (Ch. 361)  | Potential minimal increase in incarceration costs.  |         |
| HB 624            | Criminal Procedure – Expungement – Notice to Defendant (Ch. 362)   | Potential significant increase in administrative costs.   | X       |
| HB 625            | Maryland Agricultural Land Preservation Foundation – Grants – Installment Purchase Programs (Ch. 190)                  | Potential increase in settlement costs, but ability to leverage additional easement purchases with same initial investment could increase.  |         |
| HB 626/<br>SB 294 | See entry for SB 294.  |   |         |



## Legislation Affecting Local Government Expenditures

| Bill #            | Title  | Expenditure Effect   | Mandate |
|-------------------|--|--|---------|
| HB 671            | Board of Professional Counselors and Therapists – Hearings – Penalties (Ch. 511)                                       | Potential minimal increase in incarceration costs.   |         |
| HB 702            | Procurement – Request for Proposals and Invitations for Bids – Notice (Ch. 515)  | Minimal decrease in advertising/notice costs.  |         |
| HB 780            | Food Establishments – Volunteer Fire Companies – Unlicensed Operation (Ch. 376)  | Minimal decrease in licensing and inspection costs for local health departments.   |         |
| HB 799            | Board of Physical Therapy Examiners (Ch. 518)  | Potential minimal increase in incarceration costs.   |         |
| HB 806/<br>SB 323 | See entry for SB 323.  |  |         |
| HB 891            | Law Enforcement Officers’ Pension System – DROP – Creditable Service (Ch. 522)   | Potential minimal decrease in total pension liabilities and employer contributions.  |         |
| HB 912            | Municipal Corporations – Annexations – Limitations on Uses of Land and Densities of Development (Ch. 385)              | Minimal increase in municipal expenditures where property annexed to a municipality is zoned for a different use than under a county plan. |         |
| HB 923            | Sexual Offenses – Spousal Defense (Ch. 524)  | Potential minimal increase in incarceration costs.   |         |
| HB 944            | State Acupuncture Board – Maryland Acupuncture Act – Revisions (Ch. 387)   | Potential minimal increase in incarceration costs.   |         |
| HB 954            | Vehicle Laws – Violation of Pedestrian Right-of-Way – Penalties (Ch. 388)  | Potential minimal decrease in incarceration costs.   |         |
| HB 1009           | Chesapeake and Atlantic Coastal Bays Critical Area Protection Program – Miscellaneous Enforcement Provisions (Ch. 526) | Potential minimal decrease in administrative costs related to variance requests.   |         |
| HB 1094           | Crimes – Fourth Degree Sexual Offense –Penalty for Subsequent Offender (Ch. 217)                                       | Potential minimal decrease in incarceration costs.   |         |
| HB 1148           | Domestic Violence – Protective Order – Penalty (Ch. 537)   | Potential minimal increase in incarceration costs.   |         |
| HB 1288           | Education – Positive Behavioral Interventions and Support Program (Ch. 222)  | Increase in aggregate local school system expenditures of \$200,000 annually to implement behavior modification programs.                  | X       |

## Legislation Affecting Local Government Expenditures

| Bill #             | Title                 | Expenditure Effect | Mandate |
|--------------------|-----------------------|--------------------|---------|
| HB 1308/<br>SB 869 | See entry for SB 869. |                    |         |

## Legislation Affecting Local Government Expenditures

| Bill #  | Title  | Expenditure Effect  | Mandate |
|---|--|---|---------|
| <b>Legislation Affecting Local Governments by Subdivision</b> |  |   |         |
| <i><b>Anne Arundel County</b></i>                             |  |   |         |
| HB 187  | Anne Arundel County – Highways – Solicitation of Money or Donations from Occupants of Vehicles – County Licensing Program Authorized (Ch. 156) | Potential minimal increase in administrative expenditures.  |         |
| <i><b>Baltimore City</b></i>                                  |  |   |         |
| SB 748  | Baltimore City – Extinguishment of Ground Rents (Ch. 480)  | Savings of up to \$75,000 annually in redevelopment costs.  |         |
| HB 543  | Baltimore City – Tax Sales – Auctioneer’s Fee (Ch. 354)  | Expenditures could decrease by approximately \$40,000 annually.   |         |
| HB 1203   | Baltimore City – General Powers – Tax Increment Financing (Ch. 405)  | Potential significant increase in annual debt service, offset by potential increases in property and income tax revenues.   |         |
| HB 1533   | Baltimore City – Alleys (Ch. 423)  | Minimal increase to close and gate alleys.  |         |
| <i><b>Calvert County</b></i>                                  |  |   |         |
| HB 699  | Calvert County – Public Facilities Bonds (Ch. 367)   | Debt service increase of \$466,800 annually for 15 years.   |         |
| HB 729  | Calvert County – Pretrial Release Program (Ch. 370)  | Potential minimal decrease in incarceration costs.  |         |
| <i><b>Carroll County</b></i>                                  |  |   |         |
| SB 784  | Carroll County – Public Facilities Bonds (Ch. 140)   | Debt service increase of \$2.8 million annually for 15 years. Decrease of \$6 million due to avoided interest costs of unfunded obligations to the State Retirement and Pension System. |         |

## Legislation Affecting Local Government Expenditures

| Bill #                          | Title   | Expenditure Effect  | Mandate |
|---------------------------------|---|---|---------|
| SB 786                          | Carroll County – County Roads – Funding and Construction (Ch. 34)                             | Potential increase in road construction expenditures.   |         |
| HB 1303                         | Education – Carroll County Board of Education – Salaries (Ch. 223)                            | Increase of \$2,430 in FY 2005, increasing to \$11,340 annually by FY 2008.   |         |
| <b><i>Cecil County</i></b>      |   |   |         |
| SB 22                           | Cecil County – County Expenses – Records and Statements of Accounts (Ch. 243)                 | Decrease of \$3,650 annually due to avoided publishing costs.   |         |
| SB 24                           | Cecil County – Public Facilities Bonds (Ch. 10)   | Debt service increase of \$702,000 annually for 20 years.   |         |
| SB 160                          | Cecil County – Bridge or Road Construction or Repair Contracts (Ch. 441)                      | Potential minimal decrease in expenditures related to advertising of bids.  |         |
| HB 448                          | Cecil County – Sheriff's Department – Law Enforcement and Correctional Officers (Ch. 174)     | Minimal decrease due to avoided costs associated with wrongful termination lawsuits.  |         |
| <b><i>Dorchester County</i></b> |   |   |         |
| HB 1444                         | Dorchester County – Sheriff – Salary (Ch. 419)  | Increase of \$13,500 in FY 2007 and \$29,800 annually beginning in FY 2010.   |         |
| <b><i>Frederick County</i></b>  |   |   |         |
| SB 606                          | Frederick County – Solid Waste Disposal Fee or Tax (Ch. 293)                                  | Potential increase of \$180,220 annually for administrative costs.  |         |
| HB 246                          | Frederick County – Participation in the Northeast Maryland Waste Disposal Authority (Ch. 163) | Potential \$25,000 participation fee. Potential effect on expenditures relating to solid waste activities.                    |         |
| <b><i>Garrett County</i></b>    |   |   |         |
| HB 539                          | Garrett County – Unpaid Hotel Rental Tax – Liens (Ch. 352)                                    | Decrease of \$1,040 for each circumstance involving unpaid hotel rental taxes due to avoided attorneys' fees and court costs. |         |

## Legislation Affecting Local Government Expenditures

| Bill #                               | Title  | Expenditure Effect  | Mandate |
|--------------------------------------|--|---|---------|
| <b><i>Howard County</i></b>          |  |   |         |
| HB 527                               | Howard County – Board of Education – Membership Ho. Co. 9-04 (Ch. 71)                                | Increase of \$23,900 in FY 2007 and \$41,000 annually beginning in FY 2008.   |         |
| HB 618                               | Howard County – Board of Education – Pension, Health Insurance, and Other Benefits (Ch. 55)          | Increase of \$51,300 annually for health insurance and employer pension contributions for all board members.                        |         |
| HB 852                               | Howard County – Mental Health Advisory Board Ho. Co. 18-04 (Ch. 62)                                  | Minimal decrease in administrative costs.   |         |
| <b><i>Montgomery County</i></b>      |  |   |         |
| HB 776                               | Workers' Compensation – Montgomery County Deputy Sheriffs (Ch. 203)                                  | Potential increase of \$25,000 in workers' compensation claims payments.  |         |
| HB 1177                              | Montgomery County – Sheriff's Office – Collective Bargaining (Ch. 403)                               | Potential significant increase in personnel and administrative costs.   | X       |
| <b><i>Prince George's County</i></b> |  |   |         |
| HB 589                               | Education – Prince George's County – Telecommunications Tax – School Renovations (Ch. 187)           | Potential increase in school construction expenses of \$3.2 million annually with equivalent decrease in school operating expenses. |         |
| HB 673                               | Prince George's County – State's Attorney's Office – Support Staff – Collective Bargaining (Ch. 196) | Potential increase in compensation and benefits for affected employees.   |         |
| HB 678                               | Prince George's County – Employees – Criminal History Records Checks (Ch. 364)                       | Potential decrease of \$1.8 million annually for records checks.  |         |
| <b><i>Queen Anne's County</i></b>    |  |   |         |
| HB 1135                              | Town of Sudlersville (Queen Anne's County) – Urban Renewal Authority for Slum Clearance (Ch. 400)    | Increase in costs for Town of Sudlersville associated with land acquisition and urban renewal projects.                             |         |
|                                      |  |   |         |

## Legislation Affecting Local Government Expenditures

| Bill #                          | Title  | Expenditure Effect  | Mandate |
|---------------------------------|--|---|---------|
| <b><i>St. Mary's County</i></b> |  |   |         |
| HB 1295                         | St. Mary's County – Emergency Services Tax (Ch. 412)   | Special fund expenditures could increase by \$1.7 million annually. General fund expenditures could decrease by a commensurate amount.  |         |
| <b><i>Somerset County</i></b>   |  |   |         |
| SB 259                          | Somerset County – Board of County Commissioners – General Bonding Authority (Ch. 445)        | Debt service increase of \$650,500 annually for 30 years for each \$10 million borrowed.  |         |
| HB 361                          | Somerset County – County Commissioners – Expense Reimbursement (Ch. 332)                     | Increase of \$3,750 in FY 2005 and \$5,000 annually beginning in FY 2006.   |         |
| HB 363                          | Somerset County – Sale of Portion of Harbaugh Road in Lawson Election District (Ch. 333)     | Increase of \$500 for legal and deed work conducted prior to sale.  |         |
| HB 424                          | Somerset County – Volunteer Fire Departments – Appropriations (Ch. 343)                      | Increase of \$5,500 in FY 2006 and \$22,800 annually beginning in FY 2009.  |         |
| <b><i>Washington County</i></b> |  |   |         |
| HB 541                          | Washington County – Deputy State's Attorneys (Ch. 353)                                       | Increase of \$6,100 in FY 2005 and \$8,100 annually beginning in FY 2006.   |         |
| HB 549                          | Washington County Board of License Commissioners – Issuing Licenses – Restrictions (Ch. 185) | Minimal decrease due to avoided collection costs for overdue payments of gaming proceeds.   |         |
| HB 794                          | Washington County – Public Facilities Bonds (Ch. 205)  | Debt service increase of \$1.5 million annually for each \$18.75 million in bonds issued (\$6.0 million annually for all \$75 million). |         |
| HB 1211                         | Washington County Water and Sewer Infrastructure Commission (Ch. 407)                        | Potential minimal increase for staff support  |         |

## Legislation Affecting Local Government Expenditures

| Bill #                  | Title   | Expenditure Effect  | Mandate |
|-------------------------|---|---|---------|
| <i>Wicomico County</i>  |   |   |         |
| SB 504                  | Law Enforcement Officers' Pension System – Membership – Salisbury Fire Department (Ch. 284) | Significant decrease in actuarial liabilities for City of Salisbury resulting in annual actuarial credit of \$65,300. |         |
| <i>Worcester County</i> |   |   |         |
| HB 514                  | Worcester County – Liquor Dispensaries – Homeowners Associations (Ch. 182)                  | Increase in operational expenses if a new liquor dispensary is established in Ocean Pines.                            |         |
| HB 945                  | Worcester County – Liquor Control Board – Salaries (Ch. 212)                                | Increase of \$55 in FY 2005 and \$1,995 annually beginning in FY 2008.  |         |





## **Chapter Five – Vetoed Legislation**

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## Vetoed Legislation

The following is a list of all bills passed by the 2004 General Assembly and vetoed by the Governor for policy reasons. For each bill that would have had a fiscal effect, the impact is described briefly.

|               |   |
|---------------|---|
| SB 87/HB 73   | Open Meetings Act – Standing to File a Petition Alleging Violation of the Act   |
| SB 117        | Consumer Protection – Privacy of Social Security Numbers<br><br>Would have required one-time expenditures for fiscal 2006 of approximately \$103,900 in general funds, \$14,600 in special funds, and \$14,600 in federal funds.  |
| SB 250        | Labor and Employment – Equal Pay Commission<br><br>Would have increased general fund expenditures by approximately \$19,100 in fiscal 2005, \$36,600 in fiscal 2006, and \$6,600 in fiscal 2007. In addition, general fund fine revenue could have increased.   |
| SB 309/HB 429 | State Government – Administrative Procedure Act – Proposed Regulations<br><br>Would have increased general fund expenditures by \$13,000 in fiscal 2005, with future years reflecting annualization and inflation. In addition, would have increased reimbursable revenues minimally.   |
| SB 413        | Baltimore City – Education – Public School Facilities   |
| SB 621        | State Procurement Contracts – Living Wage<br><br>Would have increased State contract expenditures (all funds) significantly. In addition, would have increased general fund revenues from liquidated damages and penalties imposed by the Division of Labor and Industry and from an increase in taxable wages.   |
| SB 819        | Department of Health and Mental Hygiene – Federal Waivers – Waiver for Older Adults and Medicaid Managed Care Pilot Program<br><br>Would have decreased general fund expenditures by \$588,200 in fiscal 2007 and \$3.6 million in fiscal 2008. Federal fund expenditures would have increased by \$911,800 in fiscal 2007 and decreased by \$3.6 million in fiscal 2008. |

|         |  |
|---------|--|
| HB 183  | Procurement – Services Rendered in Foreign Country   |
| HB 232  | Family Law – Adoption Search, Contact, and Reunion Services – Siblings   |
| HB 351  | Maryland Health Care Foundation and Maryland Health Care Trust   |
|         | Would have increased general and federal fund expenditures for public health programs beginning in fiscal 2005.  |
| HB 740  | Safe Schools Reporting Act of 2004   |
|         | Would have increased general fund expenditures by an estimated \$57,200 in fiscal 2005, with future year expenditures reflecting annualization, inflation, and the termination of the Act after fiscal 2008.   |
| HB 811  | Procurement – Percentage Price Preference – Environmentally Preferable Products or Equipment   |
|         | Would have increased general fund expenditures by \$77,100 in fiscal 2005, with future years reflecting annualization and inflation. In addition, could have increased procurement costs minimally.  |
| HB 951  | Access to Public Records – Study   |
| HB 1062 | St. Mary’s County – Deputy Sheriffs – Command-Level Appointees   |
| HB 1188 | Higher Education Affordability and Access Act of 2004 – Supplementary Appropriation  |
|         | Would have increased special fund revenues by \$59.5 million and special fund expenditures by \$27 million in fiscal 2005. In addition, would have decreased higher education revenues by \$13.3 million. Future year revenues and expenditures would have reflected tuition limitations and mandated special and general fund appropriations through the three-year life of the bill. Special fund expenditures would offset general fund expenditures in fiscal 2006 and 2007. |
| HB 1285 | Task Force to Study Youth Gang Activities  |