
Effect of the 2007 Legislative Program on the Financial Condition of the State

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

July 2007

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF THE EXECUTIVE DIRECTOR
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

July 2007

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

After each session of the General Assembly, the Department of Legislative Services is required by law to prepare a report summarizing the fiscal effect on State and local governments of that year's legislative program (State Government Article, Section 2-1237). In accordance with this requirement, I am pleased to submit the following report, *Effect of the 2007 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 2008 operating budget (House Bill 50/Chapter 487).

Chapter Two summarizes the fiscal 2008 capital budget and the State's capital program (House Bill 51/Chapter 488).

Chapter Three identifies enacted legislation from the 2007 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 2007 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 2007 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 2007 session may be found in *The 90 Day Report – A Review of the 2007 Legislative Session*, issued annually by the Department of Legislative Services following adjournment of the General Assembly.

The Honorable Thomas V. Mike Miller, Jr.
The Honorable Michael E. Busch
Members of the Maryland General Assembly
July 2007
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The enclosed report is prepared by the staff of the Office of Policy Analysis. The work was coordinated by John Rixey, Mark Collins, and Suzanne Potts. 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/ncs

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Abbreviations

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

Fiscal Effects of the 2007 Legislative Program

Enacted legislation that has a quantifiable effect on the general fund is expected to increase general fund revenues by \$7.2 million and increase general fund expenditures by \$1.7 million in fiscal 2008, for a net positive effect on the general fund of \$5.4 million. This total was influenced heavily by a reduction of \$5.5 million in general funds that was contingent on the enactment of SB 986, which replaced the general funds with \$5.5 million in Qualified Zone Academy Bonds for the aging schools program.

The table below summarizes the quantifiable five-year general fund impact of enacted legislation from the 2007 session. General fund expenditures are expected to increase sharply in fiscal 2009 and 2010 due to Chapter 567 of 2007, which reauthorizes the Maryland Heritage Structure Rehabilitation Tax Credit Program, and Chapter 548 of 2007, which authorizes the purchase of optical scan voting systems with verifiable paper records.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
General Fund Revenues	\$7,173,024	\$5,494,733	\$3,328,470	\$7,533,387	\$7,632,878
General Fund Expenditures	\$1,724,833	\$50,374,993	\$38,255,366	\$11,889,699	\$10,421,682
Net General Fund Impact	\$5,448,191	(\$44,880,260)	(\$34,926,896)	(\$4,356,312)	(\$2,788,804)

In addition to the \$7.2 million in projected general fund revenues in the next fiscal year, enacted 2007 legislation will increase special fund revenues by an estimated \$25.8 million in fiscal 2008. The impact of legislation affecting State revenues will be considered by the Board of Revenue Estimates when the fiscal 2008 revenue estimates are revised in December 2007.

Of the total general fund expenditure impact, a reduction of \$5.7 million is already assumed in the fiscal 2008 State budget adopted by the General Assembly. As discussed above, this reduction is largely a result of the substitution of Qualified Zone Academy Bonds for general funds. To cover the remaining \$7.6 million increase in general fund expenditures that will result from enacted legislation but has not been budgeted, the Governor may request deficiency appropriations at the 2008 session or agencies may absorb the added costs within their existing appropriations.

Enacted legislation from the 2007 sessions is also expected to increase fiscal 2008 special fund expenditures by \$19.8 million and federal fund expenditures by \$16.7 million. These totals include \$4.5 million in special fund expenditures and \$1.8 million in federal fund expenditures that have not been included in the fiscal 2008 State budget. In many instances, the increase in expenditures will be offset by increases in special or federal fund revenues. State agencies may incorporate additional special and federal funds into their budgets through the budget amendment

process or use other resources appropriated in the State budget. The table below details budgeted and nonbudgeted expenditure increases in fiscal 2008 resulting from enacted 2007 legislation.

	General Funds	Special Funds	Federal Funds
Total Expenditures	\$1,724,833	\$19,810,944	\$16,663,668
Budgeted Expenditures	(\$5,691,984)	\$15,360,554	\$14,906,250
Nonbudgeted Expenditures	\$7,618,472	\$4,451,126	\$1,757,418

Enacted legislation also created a need for 61.25 new regular State positions in fiscal 2008, 5 of which are funded in the fiscal 2008 State budget. If all new positions are approved, 56.75 (93 percent) would be supported with general funds and 4.5 (7 percent) would be supported with special funds. In addition to the regular positions, 46.5 new contractual positions are required for fiscal 2008, with another 0.5 position required in fiscal 2009.

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 2008.

Chapter One – Operating Budget

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

Overview

The General Assembly adopted a \$30.0 billion budget for fiscal 2008. The budget includes historic increases for the public schools, makes higher education more affordable, and preserves a safety net for low income Marylanders. There is full funding for land preservation programs and increased spending on efforts to restore the Chesapeake Bay. At the end of the fiscal year, the budget allows for an estimated general fund cash balance of \$66.7 million and reserves of \$673.7 million, or 5.0 percent, of general fund revenues in the Revenue Stabilization Account (Rainy Day Fund).

Although the budget is balanced and there are large cash reserves, a significant imbalance remains in the general fund between ongoing revenues and ongoing spending. Ongoing spending exceeds revenue by \$933 million for fiscal 2008, and the gap is forecasted to approach \$1.5 billion in fiscal 2009. At the request of Governor Martin J. O'Malley, the legislature deferred action of any major significance toward addressing the deficit to allow the new Administration time to study options and develop a course of action. One such action focuses on the implementation of StateStat, a management accountability process modeled on the CitiStat process used in Baltimore City for identifying savings in agency operations.

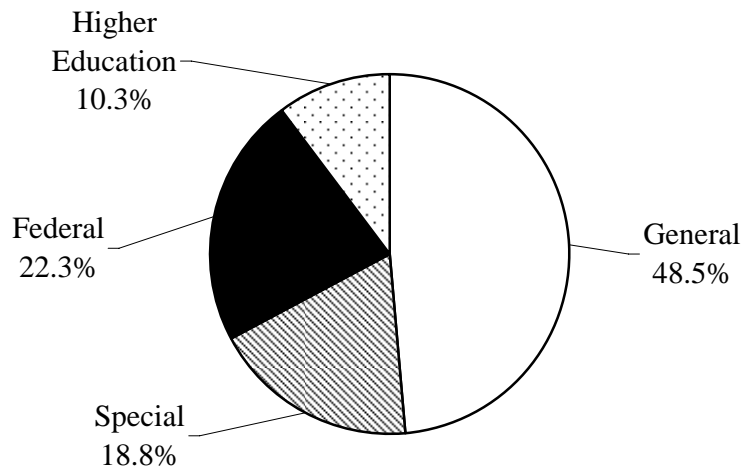
Budget in Brief

The Fiscal Year 2008 Budget Bill **House Bill 50/Chapter 487** provides \$30.0 billion in appropriations for fiscal 2008, an increase of \$554.4 million (1.9 percent) over fiscal 2007. Actual budget growth is masked by a large decrease in the appropriation to the State Reserve Fund and surplus health insurance funds that were restricted in the fiscal 2007 budget. If these factors are disregarded, the underlying budget grows by \$1.6 billion, or 5.7 percent, and general fund spending increases by \$1.1 billion, or 8.1 percent.

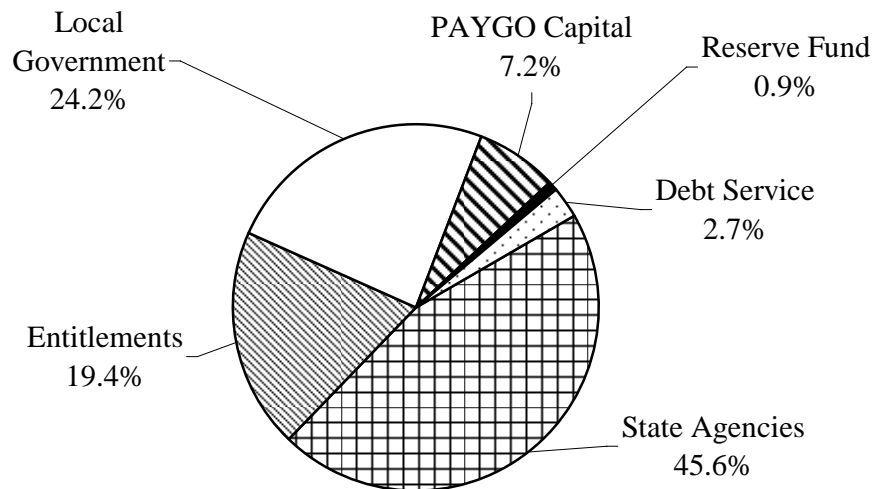
Exhibit 1.1 illustrates funding by type of revenue. Slightly less than one-half of the budget is supported by general funds, with lesser proportions supported by dedicated special funds, federal aid, and higher education dollars. State agency operations constitute the largest area of spending, representing 45.6 percent of the total budget. Aid to local governments accounts for 24.2 percent of the budget, and 19.4 percent supports entitlement programs. Remaining appropriations fund pay-as-you-go (PAYGO) capital spending, debt service on State general obligation bonds, and transfers to accounts of the State's Reserve Fund.

Total general fund appropriations grow \$368.8 million, or 2.6 percent, above fiscal 2007; however, ongoing spending rises \$1.0 billion, or 7.8 percent, when appropriations to the State Reserve Fund and for PAYGO capital are excluded. General fund growth is driven largely by aid to local jurisdictions, which rises \$745.2 million, or 14.8 percent, as the final phase-in of education enhancements is provided in fiscal 2008. General fund appropriations to the State Reserve Fund total \$262.8 million, a decrease of \$475.6 million compared to 2007 when a large appropriation was set aside to help balance the fiscal 2008 budget. The fiscal 2008 appropriation

Exhibit 1.1
Maryland's \$30.0 Billion Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go

for the Reserve Fund includes another \$100.0 million set aside to address future retiree health insurance liabilities. Agency spending growth is a modest \$187.2 million, or 3.3 percent. An increase of \$71.2 million, or 6.8 percent, of this increase is provided for higher education. The budget also provides \$29.3 million for debt service, an additional \$8 million for stem cell research, for a total of \$23.0 million; \$8.8 million for continued phasing-out of hospital day limits under the Medicaid program; \$16.5 million in funding for developing community-based services for children with mental or developmental disabilities; and additional drug treatment programs (\$5.0 million).

Special funds increase by \$37.9 million, or 0.7 percent. The budget provides significant increases, largely for transportation- and Medicaid-related expenses, offset by large reductions for programs funded with the State transfer tax and the Bay Restoration Fund. Specific to the transportation policy area, transit funding grows by nearly \$90.0 million for PAYGO capital projects, the State share of the Washington Metro transit system, Maryland Rail Commuter, mobility services, new positions, and compensation costs tied to a new collective bargaining contract. Medicaid special fund spending rises from support provided via the Cigarette Restitution Fund, as well as for physician and Managed Care Organization rates from the Maryland Health Care Provider Rate Stabilization Fund. Another notable change is related to home energy assistance, where \$26.5 million in additional funds are replacing \$20.1 million in one-time federal funding. Special fund growth is offset by a reduction of \$102.6 million for programs funded by the transfer tax, including program open space and agricultural land preservation programs. Funding for wastewater treatment plant upgrades from the Bay Restoration Fund will include a planned \$50.0 million bond sale, thus special funds decrease in the operating budget for this purpose.

Federal funds rise by \$87.1 million, or 1.3 percent, with the largest increase related to Medicaid inflation and caseload growth. A cost-of-living increase for developmentally disabled service providers and other enhancements accounts for another \$26.7 million. These increases are offset by one-time federal funding provided in fiscal 2007 for home energy assistance (-\$20.1 million) and a reduction in the Department of Housing and Community Development in recognition that a new federal contract for Section 8 rental housing subsidies will not be forthcoming (-\$31.1 million).

The budgets for public higher education institutions increase by \$203.1 million in total funds, or 5.0 percent, in fiscal 2008. These funds support operations of higher education institutions, including the University of Maryland, Morgan State University, and St. Mary's College of Maryland. As noted, additional general fund support is provided, including funds for enhancements and enrollment growth. State funding permits undergraduate resident tuition to be frozen for a second consecutive year, exclusive of St. Mary's College.

With respect to State personnel, a general salary increase provides 2 percent although this is offset by an increase in employee contributions for the retirement enhancement that was enacted at the 2006 session. Employees will contribute 4 percent of salary in fiscal 2008, increasing to 5 percent in fiscal 2009 when the enhancement is fully phased-in. The legislature also adopted a \$10.0 million general fund reduction to recognize savings based on a hiring freeze

imposed by the Administration in the last half of fiscal 2007 that is expected to continue into fiscal 2008.

Framing the Session: 2006 Interim Activity

During the 2006 interim the quadrennial election cycle saw Democratic challenger Martin O'Malley defeat first-term incumbent Republican Governor Robert L. Ehrlich, Jr. The general fund closeout yielded nominal revenue beyond the forecast, and economic activity began to soften as the housing boom began to subside. The Spending Affordability Committee (SAC) recommended a 7.9 percent rate of budgetary growth for the 2007 session, along with recommendations pertaining to use of the Rainy Day Fund, and position growth.

2006 Closeout

The fiscal 2006 closeout yielded an additional \$50.7 million for the general fund, largely due to \$46.5 million in greater than anticipated revenue. Stronger than expected corporate income tax attainment, interest earnings, and lottery attainment contributed to the surplus. The remaining \$4.2 million resulted from additional budgetary reversions. While the general fund closed with a balance of \$1.4 billion, much of that amount (\$1.2 billion) was designated to support the fiscal 2007 budget. The remaining \$172.8 million represents the undesignated closing fund balance.

December Board of Revenue (BRE) Revision/Economic Outlook

The economic news remains mixed as fiscal 2007 enters its last quarter. Unemployment has remained at low levels and continued employment growth is projected in the areas of education, health care, and information-related services. Personal income is also expected to grow in the range of 5.7 to 5.8 percent in fiscal 2007 and 2008. The relocation of military bases from New Jersey and Virginia are expected to bring a number of high paying jobs, attract defense contractors, and spur the growth of service-related jobs and other employment over the coming years. However, the news is not all favorable, as housing market activity has stagnated and energy prices continue rising. This is affecting the construction, mortgage, and real estate industries. There is also concern over possible mortgage foreclosures associated with sub prime mortgage loans and reduced consumer spending tied to decreasing use of home equity.

To date, BRE has revised its fiscal 2007 general fund estimate downward by a combined \$65.1 million (\$40.7 million in December 2006 and \$24.4 million in March 2007). The fiscal 2008 estimate was also lowered slightly in March by \$25.8 million. BRE now expects general fund revenue to grow 3.7 percent in fiscal 2007 and 4.5 percent in fiscal 2008.

SAC Recommendations

SAC prepared its final report to the Governor in December 2006 which included a number of recommendations pertaining to the operating budget. Selected recommendations included:

Spending Limit: The committee recommended limiting growth on a spending affordability basis to 7.9 percent over spending approved at the 2006 session.

Personnel: The committee recommended that Executive Branch position growth be limited to 1 percent (533 positions) exclusive of positions for new facilities or to implement legislation. Concern over the high number of funded vacant positions also prompted the committee to suggest that vacant positions be filled to the extent possible, in lieu of adding new positions. It was also recommended that the Department of Budget and Management (DBM) conduct a study of the appropriateness of vacancy levels in each agency.

State Reserve Fund: At the 2006 session, additional funds were appropriated to the Rainy Day Fund, increasing the balance to approximately 12.0 percent of estimated general fund revenue, with the expectation that a portion would be withdrawn in order to have a balanced fiscal 2008 budget. Legislation was also enacted to increase the balance to 7.5 percent, while permitting the balance to be drawn down to the 5.0 percent level as needed for fluctuations in cash flow. SAC supported using the balance in excess of 5.0 percent for its intended purpose, with the stipulation that should funds be withdrawn below the 5.0 percent level (which now will require legislation) then such an action should be accompanied by development of a long-term solution to the structural imbalance between revenues and spending.

Governor's Spending Plan as Introduced

The fiscal plan submitted by the new Administration provided for \$30.1 billion in total spending for fiscal 2008 and another \$218.6 million for fiscal 2007 deficiencies. The budget was \$49.3 million below the limit recommended by SAC, was within the parameters suggested for personnel growth, and utilized the \$978.0 million in the Rainy Day Fund above the recommended 5 percent level. Although the Governor's proposed spending plan resulted in a general fund balance of \$30.0 million, it made little progress toward closing the \$1.0 billion structural gap between revenues and expenditures.

Fiscal 2007 Financial Assumptions

Additional General Fund Revenue Assumptions: The Governor assumed an additional \$15.6 million in general fund revenue relative to the estimate by BRE. This included:

- \$10.0 million related to the requirement to verify the citizenship of Medicaid enrollees;

- \$3.7 million in eligible reimbursements for assisting Medicare beneficiaries in obtaining Medicare Part D prescription drug benefits (\$2.0 million) and other Medicare Part D reimbursements;
- \$1.4 million for a State rent payment from the Maryland Stadium Authority; and
- \$0.5 million for federal reimbursement for veteran cemetery expansion.

Deficiency Appropriations: Nearly \$219.0 million in deficiency appropriations were proposed with the budget, consisting of \$113.0 million in general funds, \$86.6 million in special fund items, \$15.5 million in federal fund appropriations, and \$3.6 million from higher education dollars. Special and federal fund deficiencies were relatively higher at the 2007 session resulting from the inclusion of items that would previously have been funded by budget amendment. The high use of budget amendments was an area of concern for the budget committees at the 2006 session, leading to the SAC recommendation to more accurately include all spending in either the base budget or within current year deficiency appropriations. Three-fourths of the deficiencies are concentrated in the following four agencies:

- \$55.4 million in the Maryland Department of Transportation for fuel and utilities; transit union contracts, para-transit operations, aviation insurance and security, transit facility maintenance, and other expenses;
- \$54.2 million in the Department of Public Safety and Correctional Services (DPSCS) to address higher than expected costs for inmate medical services, utility expenses, security upgrades, 9-1-1 pass-through fund collections, replacement vehicle needs, land acquisition, and death benefit expenses;
- \$42.2 million for Medicaid costs to replace Cigarette Restitution Funds, comply with a federal mandate to verify the citizenship of enrollees, and provide services for legal immigrants who are ineligible for federal services; and
- \$14.2 million for the Department of Juvenile Services (DJS) for per diem residential placements, repairs, utilities, security, and personnel expenses.

Specific Reversions: The Governor assumed \$20.0 million in unspecified reversions for fiscal 2007, plus another \$62.1 million in specific reversions, many of which were to be withdrawn by budget amendment following Board of Public Works (BPW) approval. Larger items included:

- \$33.8 million in surplus health insurance funds that were restricted to either be transferred to the Reserve Fund to offset costs related to enhancement to the retirement system or to be reverted to the general fund;

- \$10.0 million from a fiscal 2006 Medicaid over accrual;
- \$9.0 million in overstated tax credit payments following modifications adopted at the 2006 session;
- \$5.0 million expected from imposition of a hiring freeze;
- \$1.6 million from a new parking garage lease payment that will be made from remaining bond funds; and
- \$2.7 million from several areas including \$1.0 million for over budgeted Baltimore City Convention Center payments; \$0.8 million from the Department of Veterans Affairs based on federal fund changes; \$0.6 million in unspent Solar Energy grant funds; and \$0.3 million in overbudgeted school wiring lease payments.

Fiscal 2008 Financial Assumptions

Additional Revenue Assumptions: The Administration assumed an additional \$3.1 million above the BRE estimate based on the expectation that another \$1.6 million would be received from the ongoing verification of citizenship for Medicaid enrollees; \$0.7 million in new fees to be raised administratively by the Office of Health Care Quality within the Department of Health and Mental Hygiene (DHMH); \$0.6 million in revenue from providing services to veterans at the Deer's Head Hospital Center; and \$0.2 million from federal cemetery expansion reimbursement.

Contingent Reductions: Reductions of \$54.3 million were assumed in the Administration's fiscal 2008 spending plan. These consisted of:

- \$53.00 million representing the fiscal 2008 repayment from the general fund to the Maryland Transportation Authority (MdTA) as part of a multi-year financing plan for the InterCounty Connector (ICC); and
- \$1.25 million to reflect the payment of indirect costs to DHMH for overhead provided to the Maryland Health Care Commission (MHCC) and the Health Services Cost Review Commission (HSCRC).

Legislative Consideration of the Budget

As the legislature considered the budget, BRE revised general fund revenues downward by a combined \$50.2 million for fiscal 2007 and 2008, and the Governor submitted four

supplemental budgets which added \$334.0 million in spending. The General Assembly reduced the budget \$235.9 million and deleted 144.8 positions.

Revenue and Spending Changes

BRE Revenue Revisions: In March 2007, BRE revised its estimate of general fund revenue for fiscal 2007 downward by \$24.4 million and \$25.8 million for fiscal 2008. The change was not made because of the expectation of change in the economy but was adopted in recognition that timing issues pertaining to the collection of revenues were resulting in slightly lower levels of attainment.

Supplemental Budgets No. 1 through 4: The Governor introduced four supplemental budgets that in the aggregate increased spending by a total of \$334.0 million. The bulk of the additional funding represented special-, federal-, and higher education-related items which would have been processed as budget amendments in prior years. Budget bill language added at the 2006 session expressed legislative intent that funding be provided as deficiency appropriations in order to more accurately capture State spending. Over 38 percent of funds, representing \$127.4 million, are non-general revenues from higher education. Special and federal fund items added \$73.0 million and \$74.0 million, respectively. General fund increases of \$59.5 million included roughly \$21.0 million to address overtime, per diem placement costs, and other funding needs in DJS; about \$15.0 million for overtime and inmate medical costs in DPSCS; \$9.1 million for State education aid due to student enrollment revisions; and \$20.0 million toward the orderly closure of the Prince George's County Hospital. An offsetting decrease of \$14.0 million in general funds was made to reflect additional special funds from the bond premium received when the State sold bonds in February.

Reductions: The legislature pared the Governor's fiscal 2007 deficiency budget by \$7.2 million in general funds based largely on lower than expected Medicaid enrollment (\$7.0 million). Changes adopted in the fiscal 2008 budget eliminated 144.8 positions and reduced \$228.2 million in all funds. Notable general fund reductions included:

- \$53.0 million for the ICC which was unnecessary due to cash flow changes;
- \$17.2 million proposed to phase-out Medicaid hospital day limits (with a corresponding \$17.2 million federal fund reduction);
- \$15.2 million to reduce new positions and operating costs in the Judiciary;
- \$15.0 million to recognize unspent prior year balances in the Heritage Tax Credit program;
- \$14.5 million to reduce educational assessment tests in the Maryland State Department of Education based on the availability of encumbered funds; and

- \$10.0 million based on expected savings from a statewide hiring freeze.

Contingent Reductions: Reductions that were effected contingent upon enactment or failure of legislation included:

- \$8.6 million (\$4.3 million general/\$4.3 million federal) for Medicaid nursing home reimbursements contingent upon enactment of **Senate Bill 101/Chapter 503** authorizing a nursing home quality assessment. This action shifts costs from the general fund to the special funds generated by the nursing home assessment;
- \$6.0 million (\$2.1 million general/\$0.03 million special/\$3.9 million federal) was contingent upon enactment of **Senate Bill 149/House Bill 132 (both failed)**, which would have expanded the Medicaid Maryland Children's Health Program;
- \$5.5 million from the Aging Schools program contingent on enactment of **Senate Bill 986/Chapter 585** authorizing the sale of Qualified Zone Academy Bonds (QZABs). This language replaces the general funds with an equal amount of QZABs that will be restricted for the Aging Schools program to fully fund the statutory program; and
- \$1.3 million to permit DHMH to collect indirect cost recovery on behalf of administrative services provided to MHCC through **House Bill 800/Chapter 627** and HSCRC via **House Bill 844/Chapter 628**. Both of these bills were part of the Administration's initial fiscal plan.

Final Actions Related to SAC

Limiting Spending Growth: As shown in **Exhibit 1.2**, final action by the legislature, reduced the budget to a 7.51 percent rate of growth as measured on a spending affordability basis. This is \$71.5 million below the 7.90 percent rate recommended by the committee.

Personnel: The 2006 SAC recognized the contribution that past position caps have had in reducing the size of the State workforce but also recognized that long-term restrictions on position growth may impede the ability of some agencies to carry out their missions. Therefore, SAC recommended that in non-higher education, Executive Branch agencies growth be limited to 1.0 percent over the number of full-time equivalent positions authorized in the fiscal 2007 working appropriation. The legislative appropriation is well within that growth rate at 0.8 percent. Budget language was also added which stipulated that no new positions are to be authorized in fiscal 2008 in agencies where vacancy rates exceed 8.0 percent. Finally, committee narrative was adopted to require DBM to examine the factors that influence agency vacancy rates, which complied in part with the SAC recommendation.

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

<u>Funds</u>	<u>2006 Session</u>	<u>2007 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$13,286.6	\$14,366.5	\$1,079.9	8.13%
Special	3,261.8	3,479.7	217.9	6.68%
Higher Education	1,805.7	1,886.2	80.6	4.46%
Estimated Budget Growth	\$18,354.0	\$19,732.4	\$1,378.4	7.51%
 SAC Limit	 \$18,354.0	 \$19,804.0	 \$1,450.0	 7.90%
 Over (Under) Limit			 -71.5	 -0.39%

Note: Numbers may not sum due to rounding.

State Reserve Fund Balance: Although \$978.0 million was transferred to support fiscal 2008 spending, budget action at the 2007 session leaves a \$673.7 million balance in the Rainy Day Fund. This constitutes the minimum 5 percent balance, thus final action on the budget complied with this SAC recommendation.

Summary of Fiscal 2008 Legislative Activity

Exhibit 1.3 summarizes final legislative activity on the fiscal 2008 budget relative to the plan proposed at the beginning of the session by the Administration and amended by subsequent supplemental budgets. While the fiscal plan offered by the Administration was largely adopted as proposed, budget reductions effected by the legislature created a larger projected closing fund balance for fiscal 2008.

Exhibit 1.3
General Fund Budget Summary
Fiscal 2008
(\$ in Millions)

<u>General Fund</u>	<u>Admin.</u>	<u>Final</u>
Starting Balance	\$187.9	\$187.4
Reductions to Fiscal 2007 Deficiency Request		7.2
Adjusted Starting Balance	\$187.9	\$194.5
Revenues – BRE March Estimate	13,427.1	13,427.1
Other Revenues	20.5	27.9
Transfer from Rainy Day Fund	978.0	978.0
Total Revenues and Balance	\$14,613.4	\$14,627.5
Expenditures – Governor's Allowance	\$14,581.0	\$14,581.0
Appropriation to Rainy Day Fund	162.8	162.8
Expenditure Reductions*	-85.0	-169.8
Expenditure Reductions – Legislation	-54.3	-13.1
Total Expenditures	\$14,604.6	\$14,560.9
Revenues Less Expenditures	8.8	66.7
Ending Balance	\$8.8	\$66.7

Cash Position

General Fund Balance	\$8.8	\$66.7
Rainy Day Fund Balance – June 30, 2008	673.7	673.7
Dedicated Purpose – Future Retiree Health Costs	200.0	200.0
Total	\$882.5	\$940.4
Cash and Rainy Day Fund Over 5%	\$9.8	\$67.7

BRE: Maryland Board of Revenue Estimates

*Reductions under Administration are the amounts assumed in Supplemental Budgets No. 2 and 3.

Note: Numbers may not sum due to rounding.

The structural gap between ongoing revenues and expenditures remains and is estimated to be \$933 million in fiscal 2008. This current imbalance stems primarily from the decision made in 2002 to enact Chapter 288 of 2002 (the Bridge to Excellence in Public Schools Act a.k.a. “Thornton” named for the chairman of the commission which recommended additional education aid). Adoption of this legislation resulted in the phasing of additional spending of over \$1.4 billion by fiscal 2008. Although some revenue was also raised with that bill, the bulk of the spending was not funded with a new revenue source. Spending restraint and ongoing revenue growth in excess of 9 percent annually for three years made it possible to fund the Bridge to Excellence legislation through fiscal 2006. The final two years of the Bridge to Excellence phase-in required double digit increases in spending. Revenues are estimated to grow less than 5 percent in fiscal 2008. The commitment to fully fund the Bridge to Excellence in combination with other spending pressures and lower revenue growth has resulted in an estimated revenue/expenditure imbalance of over \$550 million in fiscal 2007. This imbalance grows to over \$930 million in fiscal 2008. As a result of this imbalance, the Department of Legislative Services estimates that in fiscal 2009 the gap between ongoing revenue and ongoing spending will approach \$1.5 billion, as depicted in **Exhibit 1.4**. This represents a shortfall of approximately 10 percent of annual spending.

Outlook for Future Budgets

As shown in **Exhibit 1.5**, a potential cash shortfall of about \$1.5 billion between revenues and current services spending is projected for fiscal 2009. The shortfall is expected to widen in excess of \$1.6 billion in fiscal 2010 due largely to the final payment to MdTA for the ICC exceeding the fiscal 2009 payment by \$106.0 million. The shortfall drops to \$1.5 billion for fiscal 2011 and 2012 as no further general fund payments for the ICC are required.

The forecast assumes that in fiscal 2009, the State will spend the \$67 million balance in the general fund as well as a \$64 million Rainy Day Fund balance in excess of 5 percent of general fund revenues. Additional cash resources available to mitigate the problem include \$673.7 million of contingency resources in the Rainy Day Fund and \$200 million reserved for future retiree health insurance costs.

Legislation

Projected revenues are expected to increase by about \$8 million per year over the remainder of the forecast period due to the passage of legislation. **Senate Bill 945/House Bill 1257/Chapters 583/584**, which require that the dividends paid deduction be added back to federal taxable income to determine the Maryland modified income of specified Real Estate Investment Trusts, will increase general fund revenues by about \$8 million per year. These additional revenues are partially offset in fiscal 2009 and 2010 by **Senate Bill 613/House Bill 598/Chapters 566/567** which extend the Maryland Heritage Structure Rehabilitation Tax Credit Program.

Exhibit 1.4
Structural Deficit Grows to \$1.5 Billion in Fiscal 2009
Fiscal 2004-2012
(\$ in Millions)

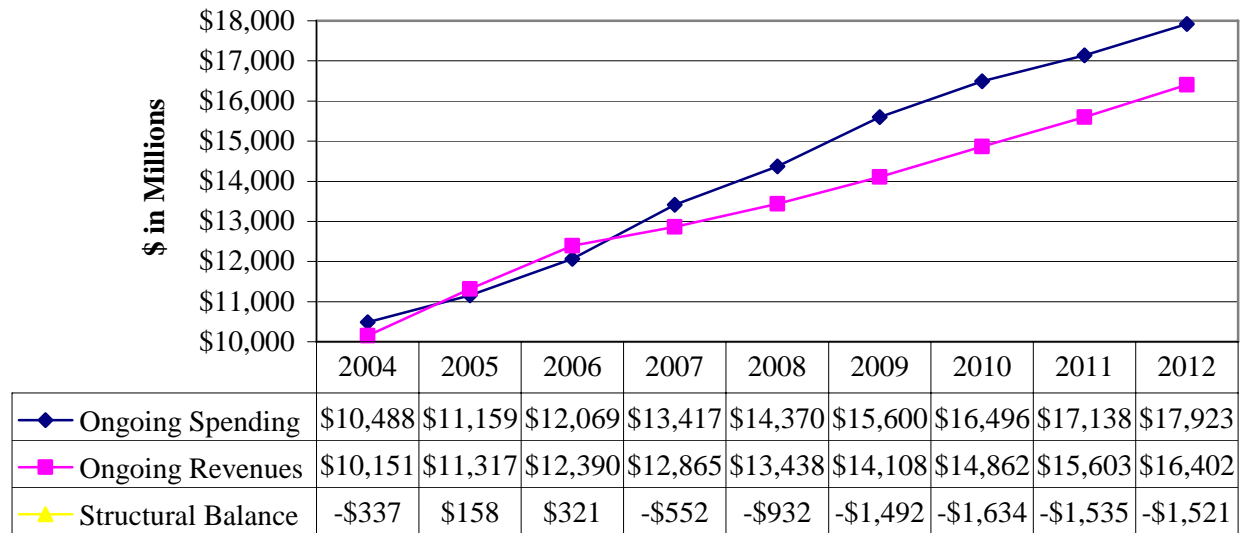


Exhibit 1.5
General Fund Budget Outlook
Fiscal 2007-2012
(\$ in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Revenues						
Fund Balance/Transfers	1,368	1,190	155	92	81	76
One-time Revenues	154	0	0	0	0	0
	\$1,522	\$1,190	\$155	\$92	\$81	\$76
Ongoing Revenues	12,865	13,430	14,103	14,859	15,595	16,394
Revenue Adjustments – Legislation	0	7	5	3	8	8
	\$12,865	\$13,438	\$14,108	\$14,862	\$15,603	\$16,402
Total Revenues	\$14,387	\$14,628	\$14,263	\$14,954	\$15,684	\$16,478
Spending						
Operating Spending	13,235	14,257	15,297	16,098	16,925	17,713
Multi-year Commitments	183	115	253	359	200	200
Operating Spending – Legislation	0	-1	50	38	12	10
	\$13,418	\$14,370	\$15,600	\$16,495	\$17,137	\$17,924
PAYGO Capital	136	27	56	54	56	52
Appropriation to Reserve Fund	638	163	50	50	50	50
	\$775	\$190	\$106	\$104	\$106	\$102
Ending Balance	\$195	\$67	-\$1,443	-\$1,645	-\$1,559	-\$1,548
Rainy Day Fund Balance	\$1,415	\$674	\$706	\$743	\$780	\$820
Balance Over 5% of General Fund Revenues	771	1	1	0	0	0
Structural Balance	-\$553	-\$933	-\$1,492	-\$1,633	-\$1,534	-\$1,522

Legislation passed at the 2007 session will also increase State spending in future years. **Senate Bill 613/House Bill 598** extend the Maryland Heritage Structure Rehabilitation Tax Credit Program at a cost of \$25 million in fiscal 2009 and 2010. **Senate Bill 392/House Bill 18/Chapters 547/548** provides for paper voting records contingent upon the inclusion of sufficient funding in the fiscal 2009 budget. Creating a paper record is expected to cost \$15 million in fiscal 2009.

By the Numbers

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

Exhibit 1.6 shows the impact of the legislative budget on the general fund balance for fiscal 2007 and 2008. The fiscal 2007 balance is estimated to be \$194.5 million. At the end of fiscal 2008, the closing balance is estimated to be \$66.7 million.

Exhibit 1.6 Final Budget Status Status as of June 19, 2007		
	<u>FY 2007</u>	<u>FY 2008</u>
Starting General Fund Balance	\$1,361,712,139	\$194,519,786
Revenues (2007 & 2008)		
BRE Estimated Revenues – December 2006	12,873,976,645	13,452,841,719
BRE Revenue Revision – March 2007	-24,399,000	-25,789,000
One-time GAAP Adjustment	154,219,000	0
Legislation	0	7,173,024
Additional Revenues	21,107,398	20,770,321
	\$13,024,904,043	\$13,454,996,064
Net Transfer to the GF from the Rainy Day Fund	-593,282,470	815,222,858
Subtotal Available Revenues	\$13,793,333,712	\$14,464,738,708
Appropriations		
General Fund Appropriations Net of Rainy Day Fund	13,540,176,202	14,590,098,519
Deficiencies	112,967,074	0
Supplemental Budget No. 1-4	38,698,000	20,914,902
BPW February 2007 Withdrawn Appropriations	-51,575,738	0
Legislative Reductions/Contingent legislation	-7,165,000	-182,946,605
Estimated Agency Reversions	-34,286,612	-30,000,000
Subtotal Appropriations	\$13,598,813,926	\$14,398,066,816
Closing General Fund Balance	\$194,519,786	\$66,671,892
BRE: Board of Revenue Estimates GAAP: Generally Accepted Accounting Principles BPW: Board of Public Works		

Exhibit 1.7, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budgets No. 1 through 4, legislative reductions, and final appropriations for fiscal 2007 and 2008 by fund source. The Governor's original request provided for \$30.2 billion (including projected general fund reversions) in fiscal 2008 expenditures and fiscal 2007 deficiencies.

Exhibit 1.7
Fiscal Note
Summary of the Budget Bill – House Bill 50

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
Governor's Request					
FY 2007 Deficiency Budget	\$61,391,336 ⁽¹⁾	\$86,629,012	\$15,453,962	\$3,556,736	\$167,031,046
FY 2008 Budget	14,722,893,418 ⁽²⁾	5,593,651,276	6,709,130,090	3,044,817,006	30,070,491,790
Original Budget Request	\$14,784,284,754	\$5,680,280,288	\$6,724,584,052	\$3,048,373,742	\$30,237,522,836
Supplemental Budgets No. 1 through 4					
FY 2007 Deficiency Budget	\$38,698,000	\$20,720,958	\$41,568,527	\$67,371,413	\$168,358,898
FY 2008 Budget	20,914,902	52,121,921	32,589,710	60,000,000	165,626,533
Subtotal	\$59,612,902	\$72,842,879	\$74,158,237	\$127,371,413	\$333,985,431
Conference Committee Reductions					
FY 2007 Deficiency Budget	-\$7,165,000	-\$600,000	\$0	\$0	-\$7,765,000
FY 2008 Budget	-182,946,605	-8,238,792	-36,991,773	-33	-228,177,203
Total Reductions	-\$190,111,605	-\$8,838,792	-\$36,991,773	-\$33	-\$235,942,203
Appropriations					
FY 2007 Deficiency Budget	\$92,924,336	\$106,749,970	\$57,022,489	\$70,928,149	\$327,624,944
FY 2008 Budget	14,560,861,715	5,637,534,405	6,704,728,027	3,104,816,973	30,007,941,120
Total Appropriation	\$14,653,786,051	\$5,744,284,375	\$6,761,750,516	\$3,175,745,122	\$30,335,566,064

⁽¹⁾ Reflects \$51.6 million in appropriations withdrawn by the Board of Public Works on February 28, 2007. This included \$5.0 million for an across-the-board hiring freeze, \$33.5 million in restricted health and welfare benefit funds that are not being transferred to the Dedicated Purpose Account to defray retirement enhancement expenses, \$9.0 million in overbudgeted tax credit payments in the State Department of Assessments and Taxation, \$1.6 million in the Department of General Services for overbudgeted parking garage lease payments, \$1.0 million from the Maryland Stadium Authority for overbudgeted funds for the Baltimore City Convention Center operating deficit, \$0.8 million from the Department of Veterans Affairs, \$0.4 million from the Maryland Energy Administration Solar Grant program, and \$0.3 million from the Interagency Committee on School Construction for overbudgeted school wiring lease payments.

⁽²⁾ Reflects estimated general fund reversion of \$30 million.

The Governor formally withdrew \$51.6 million in fiscal 2007 general fund spending at the February 28, 2007 meeting of BPW. The withdrawn appropriation was part of the overall fiscal plan presented by the Governor in January in conjunction with the budget. He also added \$334.0 million in fiscal 2007 and 2008 spending via four supplemental budgets. Many of the items in the supplemental budgets for fiscal 2007 represented special, federal, and higher education funds that typically would have been appropriated throughout the year through budget amendments. Budget bill language added in the fiscal 2007 budget expressed legislative intent that additional funding be provided through deficiency appropriations in order to reflect a more accurate budget.

The legislature made \$235.9 million in reductions to the total budget request, resulting in a net change in appropriations of \$327.6 million for fiscal 2007 and total appropriations of \$30.0 billion for fiscal 2008.

Exhibit 1.8 illustrates budget changes by major expenditure category by fund. Total spending grows 1.9 percent. Debt service grows 6.0 percent; aid to local governments increases by 9.7 percent; entitlements grow 5.3 percent; and State agency spending rises 1.8 percent. PAYGO capital expenditures decrease by -5.8 percent.

Exhibit 1.8
State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Work. Appr.</u>	<u>FY 2008 Leg. Appr.</u>	<u>FY 2007 to 2008 \$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$29.3	\$29.3	n/a
Aid to Local Governments					
County/Municipal	210.9	231.1	243.6	12.5	5.4%
Community Colleges	191.6	205.9	243.7	37.8	18.4%
Education/Libraries	4,058.1	4,534.6	5,226.5	691.9	15.3%
Health	61.9	63.7	66.6	2.9	4.5%
	\$4,522.5	\$5,035.2	\$5,780.3	\$745.2	14.8%
Entitlements					
Foster Care Payments	212.2	248.8	248.3	-0.5	-0.2%
Assistance Payments	46.8	43.6	43.6	0.0	0.0%
Medical Assistance	2,060.9	2,189.7	2,258.1	68.5	3.1%
Property Tax Credits	50.1	61.0	62.4	1.4	2.2%
	\$2,370.0	\$2,543.0	\$2,612.4	\$69.4	2.7%
State Agencies					
Health	1,258.8	1,324.6	1,390.4	65.7	5.0%
Human Resources	291.9	277.6	284.1	6.5	2.3%
Systems Reform Initiative	34.2	32.2	48.7	16.5	51.3%
Juvenile Services	194.3	238.8	231.9	-6.9	-2.9%
Public Safety/Police	1,057.0	1,207.5	1,202.8	-4.7	-0.4%
Higher Education	912.4	1,047.4	1,118.6	71.2	6.8%
Other Education	334.2	398.8	398.5	-0.3	-0.1%
Agric./Nat'l Res./Environment	123.9	140.9	146.6	5.7	4.1%
Other Executive Agencies	522.8	614.6	636.1	21.5	3.5%
Judicial/Legislative	359.5	393.9	415.8	21.9	5.6%
Across-the-board Cuts	0.0	0.0	-10.0	-10.0	n/a
	\$5,089.0	\$5,676.3	\$5,863.5	\$187.2	3.3%
Total Operating	\$11,981.5	\$13,254.5	\$14,285.6	\$1,031.1	7.8%
Capital/Heritage Reserve Fund	25.5	166.2	42.5	-123.7	-74.5%
Transfer to MdTA	50.0	53.0	0.0	-53.0	-100.0%
Reversions	0.0	-20.0	-30.0	-10.0	50.0%
Appropriations	\$12,057.0	\$13,453.7	\$14,298.1	\$844.4	6.3%
Reserve Funds ⁽¹⁾	299.4	738.4	262.8	-475.6	-64.4%
Grand Total	\$12,356.4	\$14,192.1	\$14,560.9	\$368.8	2.6%

MdTA: Maryland Transportation Authority

⁽¹⁾ Excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to MdTA line.

Note: Fiscal 2007 deficiencies include \$143.1 million in operating and \$1.4 million in capital for total general fund deficiencies of \$144.5 million. These figures reflect legislative reductions of \$7.2 million. Fiscal 2007 reflects reductions of \$65.9 million comprising \$51.6 million in withdrawn appropriations approved by the Board of Public Works in February and \$14.3 million in planned targeted reversions.

Exhibit 1.8 (Continued)
State Expenditures – Special and Higher Education Funds*
(\$ in Millions)

<u>Category</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Work. Appr.</u>	<u>FY 2008 Leg. Appr.</u>	<u>FY 2007 to 2008 \$ Change</u>	<u>% Change</u>
Debt Service	\$766.1	\$774.6	\$791.7	\$17.1	2.2%
Aid to Local Governments					
County/Municipal	619.4	760.2	699.9	-60.3	-7.9%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	0.0	0.0	0.0	0.0	n/a
Health	0.0	0.0	0.0	0.0	n/a
	\$619.4	\$760.2	\$699.9	-\$60.3	-7.9%
Entitlements					
Foster Care Payments	0.1	0.4	0.1	-0.3	-72.8%
Assistance Payments	16.9	13.3	13.3	0.0	0.0%
Medical Assistance	133.9	158.7	221.4	62.8	39.6%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	\$151.0	\$172.3	\$234.8	\$62.5	36.3%
State Agencies					
Health	169.4	234.1	232.8	-1.3	-0.6%
Human Resources	55.0	78.8	71.1	-7.7	-9.8%
Systems Reform Initiative	0.6	0.6	0.6	0.0	0.0%
Juvenile Services	2.2	4.1	0.2	-3.9	-95.1%
Public Safety/Police	181.5	187.8	198.3	10.6	5.6%
Higher Education	2,777.7	3,050.6	3,111.6	61.0	2.0%
Other Education	23.9	35.4	35.9	0.6	1.6%
Transportation	1,222.9	1,296.1	1,341.0	44.8	3.5%
Agric./Natl Res./Environment	113.8	138.4	136.2	-2.2	-1.6%
Other Executive Agencies	396.0	517.3	526.4	9.1	1.8%
Judicial/Legislative	37.8	45.2	42.8	-2.4	-5.4%
	\$4,980.8	\$5,588.5	\$5,697.0	\$108.4	1.9%
Total Operating	\$6,517.3	\$7,295.6	\$7,423.4	\$127.8	1.8%
Capital	1,084.8	1,348.2	1,319.0	-29.2	-2.2%
Appropriations	\$7,602.1	\$8,643.8	\$8,742.4	\$98.6	1.1%
Reserve Funds	9.2	0.0	0.0	0.0	n/a
Grand Total	\$7,611.3	\$8,643.8	\$8,742.4	\$98.6	1.1%

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

Note: Fiscal 2007 deficiencies reflect legislative reductions of \$0.6 million.

Exhibit 1.8 (Continued)
State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Work. Appr.</u>	<u>FY 2008 Leg. Appr.</u>	<u>FY 2007 to 2008 \$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments					
County/Municipal	68.2	54.6	60.7	6.1	11.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	735.5	778.7	728.2	-50.6	-6.5%
Health	4.5	4.5	4.5	0.0	0.0%
	\$808.2	\$837.8	\$793.3	-\$44.5	-5.3%
Entitlements					
Foster Care Payments	101.6	96.8	104.6	7.8	8.1%
Assistance Payments	414.8	407.7	437.8	30.1	7.4%
Medical Assistance	2,180.8	2,303.0	2,428.4	125.4	5.4%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	\$2,697.2	\$2,807.6	\$2,970.9	\$163.3	5.8%
State Agencies					
Health	698.3	782.7	823.8	41.1	5.3%
Human Resources	475.2	523.9	508.8	-15.1	-2.9%
Systems Reform Initiative	19.5	14.9	14.9	0.0	0.0%
Juvenile Services	14.2	15.7	14.7	-0.9	-6.0%
Public Safety/Police	17.2	20.5	14.7	-5.8	-28.3%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	139.4	237.8	226.5	-11.3	-4.8%
Transportation	70.8	77.6	78.1	0.5	0.6%
Agric./Nat'l Res./Environment	51.4	61.1	60.1	-1.0	-1.7%
Other Executive Agencies	420.7	465.1	405.6	-59.5	-12.8%
Judicial/Legislative	2.5	3.6	3.2	-0.4	-10.0%
	\$1,909.1	\$2,203.0	\$2,150.5	-\$52.5	-2.4%
Total Operating	\$5,414.5	\$5,848.4	\$5,914.8	\$66.4	1.1%
Capital	792.0	769.2	790.0	20.7	2.7%
Grand Total	\$6,206.5	\$6,617.6	\$6,704.7	\$87.1	1.3%

Note: Fiscal 2007 deficiencies include \$53.9 million in operating and \$3.2 million in capital for total federal fund deficiencies of \$57.0 million.

Exhibit 1.8 (Continued)
State Expenditures – State Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Work. Appr.</u>	<u>FY 2008 Leg. Appr.</u>	<u>FY 2007 to 2008 \$ Change</u>	<u>% Change</u>
Debt Service	\$766.1	\$774.6	\$821.0	\$46.5	6.0%
Aid to Local Governments					
County/Municipal	830.3	991.3	943.5	-47.7	-4.8%
Community Colleges	191.6	205.9	243.7	37.8	18.4%
Education/Libraries	4,058.1	4,534.6	5,226.5	691.9	15.3%
Health	61.9	63.7	66.6	2.9	4.5%
	\$5,141.9	\$5,795.4	\$6,480.3	\$684.9	11.8%
Entitlements					
Foster Care Payments	212.3	249.2	248.4	-0.7	-0.3%
Assistance Payments	63.7	56.8	56.8	0.0	0.0%
Medical Assistance	2,194.8	2,348.3	2,479.6	131.2	5.6%
Property Tax Credits	50.1	61.0	62.4	1.4	2.2%
	\$2,521.0	\$2,715.3	\$2,847.2	\$131.9	4.9%
State Agencies					
Health	1,428.3	1,558.7	1,623.2	64.4	4.1%
Human Resources	346.9	356.4	355.2	-1.2	-0.3%
Systems Reform Initiative	34.8	32.8	49.3	16.5	50.4%
Juvenile Services	196.5	242.9	232.1	-10.8	-4.5%
Public Safety/Police	1,238.4	1,395.3	1,401.2	5.9	0.4%
Higher Education	3,690.1	4,098.0	4,230.2	132.2	3.2%
Other Education	358.1	434.2	434.4	0.2	0.1%
Transportation	1,222.9	1,296.1	1,341.0	44.8	3.5%
Agric./Natl Res./Environment	237.7	279.4	282.9	3.5	1.3%
Other Executive Agencies	918.8	1,131.9	1,162.6	30.6	2.7%
Judicial/Legislative	397.3	439.1	458.6	19.5	4.4%
Across-the-board Cuts	0.0	0.0	-10.0	-10.0	n/a
	\$10,069.8	\$11,264.9	\$11,560.5	\$295.6	2.6%
Total Operating	\$18,498.7	\$20,550.1	\$21,709.0	\$1,158.8	5.6%
Capital/Heritage Reserve Fund	1,110.4	1,514.4	1,361.5	-152.9	-10.1%
Transfer to MDTA	50.0	53.0	0.0	-53.0	-100.0%
Reversions	0.0	-20.0	-30.0	-10.0	50.0%
Appropriations	\$19,659.1	\$22,097.5	\$23,040.4	\$942.9	4.3%
Reserve Funds ⁽¹⁾	308.6	738.4	262.8	-475.6	-64.4%
Grand Total	\$19,967.7	\$22,835.9	\$23,303.2	\$467.3	2.0%

MdTA: Maryland Transportation Authority

⁽¹⁾ Excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to MdTA line.

Note: Fiscal 2007 deficiencies include \$320.8 million in operating and \$1.4 million in capital for total deficiencies of \$322.2 million. These figures reflect legislative reductions of \$7.8 million. Fiscal 2007 reflects reductions of \$65.9 million comprising \$51.6 million in withdrawn appropriations approved by the Board of Public Works in February and \$14.3 million in planned targeted reversions.

Exhibit 1.8 (Continued)
State Expenditures – All Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Work. Appr.</u>	<u>FY 2008 Leg. Appr.</u>	<u>FY 2007 to 2008 \$ Change</u>	<u>% Change</u>
Debt Service	\$766.1	\$774.6	\$821.0	\$46.5	6.0%
Aid to Local Governments					
County/Municipal	898.5	1,045.9	1,004.2	-41.6	-4.0%
Community Colleges	191.6	205.9	243.7	37.8	18.4%
Education/Libraries	4,793.6	5,313.3	5,954.6	641.3	12.1%
Health	66.4	68.2	71.1	2.9	4.2%
	\$5,950.1	\$6,633.2	\$7,273.6	\$640.4	9.7%
Entitlements					
Foster Care Payments	314.0	346.0	353.1	7.1	2.0%
Assistance Payments	478.5	464.6	494.7	30.1	6.5%
Medical Assistance	4,375.6	4,651.3	4,908.0	256.7	5.5%
Property Tax Credits	50.1	61.0	62.4	1.4	2.2%
	\$5,218.2	\$5,522.9	\$5,818.1	\$295.2	5.3%
State Agencies					
Health	2,126.6	2,341.5	2,447.0	105.5	4.5%
Human Resources	822.1	880.3	864.0	-16.4	-1.9%
Systems Reform Initiative	54.3	47.7	64.2	16.5	34.6%
Juvenile Services	210.7	258.6	246.8	-11.8	-4.6%
Public Safety/Police	1,255.6	1,415.8	1,415.9	0.1	0.0%
Higher Education	3,690.1	4,098.0	4,230.2	132.2	3.2%
Other Education	497.5	672.0	660.9	-11.1	-1.7%
Transportation	1,293.7	1,373.7	1,419.1	45.3	3.3%
Agric./Nat'l Res./Environment	289.0	340.5	343.0	2.5	0.7%
Other Executive Agencies	1,339.6	1,597.0	1,568.2	-28.8	-1.8%
Judicial/Legislative	399.8	442.7	461.9	19.1	4.3%
Across-the-board Cuts	0.0	0.0	-10.0	-10.0	n/a
	\$11,978.9	\$13,467.9	\$13,711.0	\$243.2	1.8%
Total Operating	\$23,913.2	\$26,398.5	\$27,623.7	\$1,225.2	4.6%
Capital/Heritage Reserve Fund	1,902.4	2,283.6	2,151.4	-132.2	-5.8%
Transfer to MDTA	50.0	53.0	0.0	-53.0	-100.0%
Reversions	0.0	-20.0	-30.0	-10.0	50.0%
Appropriations	\$25,865.6	\$28,715.1	\$29,745.1	\$1,030.0	3.6%
Reserve Funds ⁽¹⁾	308.6	738.4	262.8	-475.6	-64.4%
Grand Total	\$26,174.2	\$29,453.5	\$30,007.9	\$554.4	1.9%

MdTA: Maryland Transportation Authority

⁽¹⁾ Excludes \$50 million in fiscal 2006 and \$53 million in fiscal 2007 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to MdTA line.

Note: Fiscal 2007 deficiencies include \$374.6 million in operating and \$4.6 million in capital for total deficiencies of \$379.2 million. These figures reflect legislative reductions of \$7.6 million. Fiscal 2007 reflects reductions of \$65.9 million comprising \$51.6 million in withdrawn appropriations approved by the Board of Public Works in February and \$14.3 million in planned targeted reversions.

Chapter Two – State Capital Program

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

Summary

The 2007 General Assembly approved a capital program totaling \$3.265 billion, including \$1.75 billion for the transportation program. Of the total \$1.5 billion nontransportation capital program, \$829.8 million is funded with general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan of 2007 (MCCBL), the 2007 capital budget bill **House Bill 51/Chapter 488**; \$560.8 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; \$100 million is funded with revenue bonds to be issued by the Maryland Department of the Environment to support State and local efforts to upgrade wastewater treatment plants; and \$30 million is funded with academic revenue bonds for University of Maryland System facilities authorized in **House Bill 1116/Chapter 489**.

Exhibit 2.1 presents an overview of the State's capital program for fiscal 2008, **Exhibit 2.2** lists capital projects and programs by function and fund source, and **Exhibit 2.3** provides the individual legislative initiative projects funded in the 2007 MCCBL. The 2007 MCCBL includes funding for:

- State facilities, including colleges and universities, hospitals, District Court facilities, Department of Disabilities accessibility modifications, and correctional facilities;
- grants to local governments for school constructions, community college facilities, and local detention centers;
- health and social services facilities such as senior citizen centers, juvenile services facilities, community health and addiction facilities, and low-income housing;
- environmental programs, such as the Chesapeake Bay Water Quality, underground heating and oil storage tank replacement, Community Parks and Playgrounds, Agricultural Cost-Share and Tobacco Transition programs, and Drinking and Stormwater programs; and
- local projects and legislative initiatives.

In addition to GO debt, the State's capital program is funded with PAYGO funds that are used primarily to support economic development, housing, and environmental programs for which the use of tax-exempt debt is limited under federal tax guidelines.

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

Function	Bonds		Current Funds (PAYGO)			Total
	General Obligation	Revenue	General	Special	Federal	
State Facilities						\$37.4
Facilities Renewal	\$13.0	\$0.0	\$0.0	\$0.0	\$0.0	
Other	7.6	0.0	9.6	0.3	6.9	
Health/Social						\$37.3
State Facilities	\$19.7	\$0.0	\$0.0	\$0.0	\$0.0	
Private Hospitals	5.0	0.0	0.0	0.0	0.0	
Other	12.5	0.0	0.0	0.0	0.0	
Environment						\$568.3
Energy	\$0.0	\$0.0	\$0.0	\$2.5	\$0.0	
Natural Resources	5.0	0.0	0.0	238.4	5.0	
Agriculture	6.6	0.0	0.0	74.8	2.0	
Environment	17.1	100.0	7.3	79.5	29.0	
MD Environmental Services	1.0	0.0	0.0	0.0	0.0	
Public Safety						\$50.0
State Corrections	\$36.8	\$0.0	\$0.0	\$0.0	\$0.0	
State Police	0.3	0.0	0.0	0.0	0.0	
Local Jails	12.9	0.0	0.0	0.0	0.0	
Education						\$392.4
School Construction	\$386.1	\$0.0	\$0.0	\$2.4	\$0.0	
Other	1.7	0.0	2.3	0.0	0.0	
Higher Education						\$256.6
University System	\$142.4	\$30.0	\$0.0	\$0.0	\$0.0	
Morgan State University	8.7	0.0	0.0	0.0	0.0	
St. Mary's College	1.1	0.0	0.0	0.0	0.0	
Community Colleges	56.4	0.0	0.0	0.0	0.0	
Private Colleges/Universities	8.0	0.0	0.0	0.0	0.0	
Medical System	10.0	0.0	0.0	0.0	0.0	
Housing/Community Development						\$70.3
Housing	\$7.0	\$0.0	\$2.6	\$21.4	\$4.9	
Other	2.2	0.0	5.7	15.1	11.5	

Function	Bonds		Current Funds (PAYGO)			Total
	General Obligation	Revenue	General	Special	Federal	
Economic Development						\$34.0
Economic Development	\$0.0	\$0.0	\$0.0	\$19.0	\$0.0	
Other	0.0	0.0	15.0	0.0	0.0	
Local Projects						\$69.7
Administration	\$48.7	\$0.0	\$0.0	\$0.0	\$0.0	
Legislative	20.0	0.0	0.0	1.0	0.0	
Deauthorizations						-\$19.8
Deauthorization	-\$19.8	\$0.0	\$0.0	\$0.0	\$0.0	
Total Fiscal 2008	\$810.0	\$130.0	\$42.5	\$454.4	\$59.3	\$1,496.1
Fiscal 2007 Deficiencies	\$0.0	\$0.0	\$1.4	\$0.0	\$3.2	\$4.6
QZAB	\$11.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation	\$0.0	\$400.0	\$0.0	\$561.9	\$791.4	\$1,753.3
Grand Total 2008	\$821.1	\$530.0	\$43.9	\$1,016.4	\$853.8	\$3,265.6

Exhibit 2.2
Capital Program – 2007 Session

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
State Facilities							
D06E02.01A	Public Safety Communication System	\$0	\$0	\$7,500,000	\$0	\$0	\$7,500,000
D06E02.01B	DGS: Asbestos Abatement Program	0	0	1,910,000	0	0	1,910,000
D55P00.04	Veterans Affairs Cemetery Expansion	0	0	210,000	0	6,912,000	7,122,000
DA02.01A	DOD: Accessibility Modifications	1,600,000	0	0	0	0	1,600,000
DE02.01A	BPW: Annapolis State House	3,550,000	0	0	0	0	3,550,000
DE02.01B	BPW: DGS Facilities Renewal Fund	9,000,000	0	0	0	0	9,000,000
DE02.01C	BPW: DGS Construction Contingency	2,000,000	0	0	0	0	2,000,000
DE02.01D	BPW: DGS Underground Storage Tank	400,000	0	0	0	0	400,000
DE02.01E	BPW: Centreville District Court Parking	1,500,000	0	0	0	0	1,500,000
DE02.01F	BPW: Catonsville District Court	2,500,000	0	0	0	0	2,500,000
P00A01.10	DLLR: Eastern Shore Regional Call Center	0	0	0	348,000	0	348,000
	Subtotal	\$20,550,000	\$0	\$9,620,000	\$348,000	\$6,912,000	\$37,430,000
Health/Social							
DA07A	Aging: Senior Citizens Activities Centers	\$1,320,000	\$0	\$0	\$0	\$0	\$1,320,000
MA01A	DHMH: Community Health Facilities	7,510,000	0	0	0	0	7,510,000
MA01B	DHMH: Federally Qualified Health Centers	3,712,000	0	0	0	0	3,712,000
MF05A	DHMH: New Forensic Medical Center	1,915,000	0	0	0	0	1,915,000
ML10A	DHMH: Clifton T. Perkins Hospital Center	14,500,000	0	0	0	0	14,500,000 ⁵
VD01A	DJS: Juvenile Services Facilities Program	3,329,000	0	0	0	0	3,329,000
ZA03A	MHA: Adventist HealthCare	120,000	0	0	0	0	120,000
ZA03B	MHA: Atlantic General Hospital	700,000	0	0	0	0	700,000
ZA03C	MHA: Bon Secours Hospital	1,000,000	0	0	0	0	1,000,000
ZA03D	MHA: Fort Washington Medical Center	560,000	0	0	0	0	560,000
ZA03E	MHA: Johns Hopkins Bayview	560,000	0	0	0	0	560,000
ZA03F	MHA: Shore Health System	500,000	0	0	0	0	500,000

Effect of the 2007 Legislative Program on the Financial Condition of the State

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA03G	MHA: St. Agnes HealthCare	560,000	0	0	0	0	560,000
ZA03H	MHA: Western Maryland Health System	1,000,000	0	0	0	0	1,000,000
	Subtotal	\$37,286,000	\$0	\$0	\$0	\$0	\$37,286,000
	Environment						
D13A13.02	MEA: Community Energy Loan Program	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
D13A13.03	MEA: State Agency Loan Program	0	0	0	1,000,000	0	1,000,000
K00A05.10A	DNR: Rural Legacy Program	0	0	0	20,921,000	0	20,921,000
K00A05.10B	DNR: POS Land Acquisition	0	0	0	170,557,277	4,000,000	174,557,277
K00A05.10C	DNR: Natural Resources Development	0	0	0	11,717,000	0	11,717,000
K00A05.10D	DNR: Critical Maintenance Projects	0	0	0	5,970,000	0	5,970,000
K00A05.11	DNR: Waterway Improvement Fund	0	0	0	26,700,000	1,000,000	27,700,000
K00A05.14	DNR: Shore Erosion Control Program	0	0	0	500,000	0	500,000
K00A09.06	DNR: Ocean City Beach Maintenance	0	0	0	2,000,000	0	2,000,000
KA05A	DNR: Community Parks & Playgrounds	3,000,000	0	0	0	0	3,000,000
KA05A.1	Bay Head Park ¹	250,000	0	0	0	0	250,000
KA05A.2	Athletic Lighting Renovations ¹	250,000	0	0	0	0	250,000
KA05A.3	Blandair Regional Park ¹	250,000	0	0	0	0	250,000
KA05A.4	Woodstock Equestrian Park ¹	250,000	0	0	0	0	250,000
KA05A.5	Old Mill High School Stadium ¹	250,000	0	0	0	0	250,000
KA05A.6	Athletic Turf Fields ¹	250,000	0	0	0	0	250,000
KA05A.7	High School Stadium Seating ¹	250,000	0	0	0	0	250,000
KA05A.8	Brandywine North Keys Community Park ¹	250,000	0	0	0	0	250,000
L00A11.11	MDA: Agricultural Land Preservation	0	0	0	67,961,820	2,000,000	69,961,820
LA12.13	MDA: Tobacco Transition Program	3,000,000	0	0	6,880,000	0	9,880,000
LA15A	MDA: Agricultural Cost-Share Program	3,608,000	0	0	0	0	3,608,000
U00A01.03	MDE: Water Quality Loan Program	0	50,000,000	4,240,000	34,580,000	21,180,000	110,000,000
U00A01.04	MDE: Hazardous Substance Cleanup	0	0	850,000	0	0	850,000
U00A01.05	MDE: Drinking Water Loan Program	0	0	2,240,000	3,946,000	7,814,000	14,000,000
U00A01.11A	MDE: Chesapeake Bay Restoration – ENR	0	50,000,000	0	30,000,000	0	80,000,000
U00A01.11B	MDE: Chesapeake Bay Restoration – Sewer	0	0	0	5,000,000	0	5,000,000
U00A01.12	MDE: Chesapeake Bay Restoration – Septic	0	0	0	6,000,000	0	6,000,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
UA04A(1)	MDE: CBWQ Nutrient Removal – BNR	7,874,000	0	0	0	0	7,874,000
UA04A(2)	MDE: CBWQ Supplemental Assistance	5,000,000	0	0	0	0	5,000,000
UA04A(3)	MDE: CBWQ Small Creek & Estuary Restoration	500,000	0	0	0	0	500,000
UA04A(4)	MDE: CBWQ Stormwater Pollution	750,000	0	0	0	0	750,000
UA04B	MDE: Water Supply Assistance Program	3,000,000	0	0	0	0	3,000,000
UB00A	MES: Infrastructure Improvement Fund	1,007,000	0	0	0	0	1,007,000
	Subtotal	\$29,739,000	\$100,000,000	\$7,330,000	\$395,233,097	\$35,994,000	\$568,296,097
	Public Safety						
QB02A	DPSCS: Baltimore City Correctional Complex	\$840,000	\$0	\$0	\$0	\$0	\$840,000
QB04A	DPSCS: MCTC 192-Cell Med. Sec. Housing Unit	25,000,000	0	0	0	0	25,000,000 ⁵
QB04B	DPSCS: MCTC Site Utilities Upgrade	9,836,000	0	0	0	0	9,836,000
QP00A	DPSCS: Balt. City Corr. Complex – Acquis/Demo	1,100,000	0	0	0	0	1,100,000
WA01A	DSP: Tactical Services Building	275,000	0	0	0	0	275,000
ZB02A	Local Jails: Garrett County Detention Center	4,800,000	0	0	0	0	4,800,000
ZB02B	Local Jails: Harford County Detention Center	5,815,000	0	0	0	0	5,815,000
ZB02C	Local Jails: Prince George's Co. Detention Center	358,000	0	0	0	0	358,000
ZB02D	Local Jails: Somerset County Detention Center	536,000	0	0	0	0	536,000
ZB02E	Local Jails: Washington County Detention Center	1,400,000	0	0	0	0	1,400,000
	Subtotal	\$49,960,000	\$0	\$0	\$0	\$0	\$49,960,000
	Education						
DE02.02A	Public School Construction	\$385,800,000	\$0	\$0	\$2,400,000	\$0	\$388,200,000 ²
DE02.02B	Relocatable Classrooms	250,000	0	0	0	0	250,000
R00A02.33	MSDE: County Library Grant Program	0	0	2,250,000	0	0	2,250,000
RE01A	MD School for Deaf – School Complex	1,250,000	0	0	0	0	1,250,000
RE01B	MD School for Deaf – Cafeteria/Student Center	447,000	0	0	0	0	447,000
	Subtotal	\$387,747,000	\$0	\$2,250,000	\$2,400,000	\$0	\$392,397,000
	Higher Education						
RB22A	UMCP: Tawes Building Conversion	\$28,800,000	\$0	\$0	\$0	\$0	\$28,800,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
RB24A	TU: New College of Liberal Arts Complex	13,505,000	0	0	0	0	13,505,000
RB27A	CSU: New Physical Education Complex	64,206,000	15,000,000	0	0	0	79,206,000 ⁵
RB27B	CSU: Health & Human Services Building	7,270,000	0	0	0	0	7,270,000
RB27C	CSU: Campuswide Utilities/Security Systems	588,000	0	0	0	0	588,000
RB28A	UB: North Charles Street Building Renovation	1,211,000	0	0	0	0	1,211,000
RB29A	SU: New Teacher Education & Tech. Complex	9,582,000	0	0	0	0	9,582,000
RB29B	SU: New Perdue School of Business	2,927,000	0	0	0	0	2,927,000
RB30A	UMUC: Academic Tech. Support Center	1,185,000	0	0	0	0	1,185,000
RB31A	UMBC: Performing Arts/Humanities Complex	2,725,000	0	0	0	0	2,725,000
RB34A	UMCES: Horn Point Lab Oyster Production	9,200,000	0	0	0	0	9,200,000
RB36A	USM: Shady Grove Educational Center III	1,200,000	0	0	0	0	1,200,000
RB36rb	USM: Facility Renewal	0	15,000,000	0	0	0	15,000,000
RD00A	SMC: New Academic Building	1,077,000	0	0	0	0	1,077,000
RI00A	MHEC: Community College Facilities Program	56,410,000	0	0	0	0	56,410,000
RM00A	MSU: New Center for Built Environment	3,949,000	0	0	0	0	3,949,000
RM00B	MSU: Campuswide Site Improvements	3,723,000	0	0	0	0	3,723,000
RM00C	MSU: Banneker Hall	1,068,000	0	0	0	0	1,068,000
RQ00A	UMMS: New Ambulatory Care Center	5,000,000	0	0	0	0	5,000,000
RQ00B	UMMS: New Diagnostic & Treatment Facilities	5,000,000	0	0	0	0	5,000,000
ZA00H	MICUA: Johns Hopkins Gilman Hall	2,000,000	0	0	0	0	2,000,000
ZA00I	MICUA: MD Institute College of Art	3,000,000	0	0	0	0	3,000,000
ZA00J	MICUA: Mount St. Mary's Performing Arts	2,000,000	0	0	0	0	2,000,000
ZA00K	MICUA: St. John's College – Infrastructure	1,000,000	0	0	0	0	1,000,000
Subtotal		\$226,626,000	\$30,000,000	\$0	\$0	\$0	\$256,626,000
Housing/Community Development							
D40W01.11	Planning: MHT Capital Loan Program	\$0	\$0	\$0	\$200,000	\$0	\$200,000
DB01A	Historic St. Mary's: Heritage Center	865,000	0	0	0	0	865,000
DB01B	Historic St. Mary's: St. John's Archeological Site	650,000	0	0	0	0	650,000
DW00.10A	Planning: Historical Trust Capital Grant Fund	700,000	0	0	0	0	700,000
S00A24.02A	DHCD: Community Legacy Program	0	0	4,500,000	2,000,000 ³	0	6,500,000
S00A24.02B	DHCD: Neighborhood Business Development	0	0	0	4,000,000 ³	0	4,000,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
S00A24.02C	DHCD: Community Development Block Grants	0	0	0	0	10,000,000	10,000,000
S00A25.07	DHCD: Rental Housing Program	0	0	2,608,000	12,892,000	4,750,000	20,250,000
S00A25.08	DHCD: Homeownership Programs	0	0	0	8,500,000	100,000	8,600,000
S00A25.09	DHCD: Special Loans Programs	0	0	1,150,000	6,850,000	1,500,000	9,500,000
S00A25.10	DHCD: Partnership Rental Housing Program	6,000,000	0	0	2,000,000	0	8,000,000
SA25B	DHCD: Shelter & Transitional Housing Facilities	1,000,000	0	0	0	0	1,000,000
	Subtotal	\$9,215,000	\$0	\$8,258,000	\$36,442,000	\$16,350,000	\$70,265,000
	Economic Development						
D40W01.12	Planning: Historic Tax Credit Fund	\$0	\$0	\$15,000,000	\$0	\$0	\$15,000,000
T00F00.23(1)	DBED: Rural Broadband Network Fund	0	0	0	4,000,000 ⁴	0	4,000,000
T00F00.23	DBED: MD Economic Development Fund	0	0	0	15,000,000 ⁴	0	15,000,000
	Subtotal	\$0	\$0	\$15,000,000	\$19,000,000	\$0	\$34,000,000
	Local Projects						
T00F00.23(2)	Misc: Germantown Life Sciences Incubator	\$0	\$0		\$1,000,000 ⁴	\$0	\$1,000,000
ZA00A	Misc: Birchmere Music Hall	2,000,000	0	0	0	0	2,000,000
ZA00B	Misc: Comprehensive Housing Assistance	2,500,000	0	0	0	0	2,500,000
ZA00C	Misc: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00D	Misc: Garrett College Athletic & Community Center	12,451,000	0	0	0	0	12,451,000
ZA00E	Misc: Johns Hopkins/Critical Care Tower	7,500,000	0	0	0	0	7,500,000
ZA00F	Misc: Johns Hopkins/Pediatric Trauma Center	5,000,000	0	0	0	0	5,000,000
ZA00G	Misc: Kennedy Krieger Institute – NCARDD	1,000,000	0	0	0	0	1,000,000
ZA00L	Misc: Maryland Zoo Facilities Renewal	1,000,000	0	0	0	0	1,000,000
ZA00M	Misc: Southern Maryland Stadium	4,700,000	0	0	0	0	4,700,000
ZA00N	Misc: WestSide Revitalization Project	5,000,000	0	0	0	0	5,000,000
ZA00O	Misc: WYPR Digital Conversion	375,000	0	0	0	0	375,000
ZA00P	Misc: Annapolis Underground Wiring	600,000	0	0	0	0	600,000
ZA00Q	Misc: Maryland Artificial Reef Initiative	250,000	0	0	0	0	250,000
ZA00R	Misc: Wicomico Youth and Civic Center	1,000,000	0	0	0	0	1,000,000
ZA00S	Misc: Slave Church Restoration	300,000	0	0	0	0	300,000
ZA01	Legislative Initiatives	20,000,000	0	0	0	0	20,000,000
	Subtotal	\$68,676,000	\$0	\$0	\$1,000,000	\$0	\$69,676,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
	Deauthorizations	-\$19,799,000	\$0	\$0	\$0	\$0	-\$19,799,000
	Total	\$810,000,000	\$130,000,000	\$42,458,000	\$454,423,097	\$59,256,000	\$1,496,137,097
	Fiscal 2007 Deficiencies						
Q00A01.05	DPSCS: Baltimore City Detention – Acquisition	\$0	\$0	\$1,392,410	\$0	\$0	\$1,392,410
U00A01.03	MDE: Water Quality Loan Program	0	0	0	0	2,630,000	2,630,000
U00A01.05	MDE: Drinking Water Loan Program	0	0	0	0	536,000	536,000
	Total Deficiencies	\$0	\$0	\$1,392,410	\$0	\$3,166,000	\$4,558,410
	Qualified Zone Academy Bonds	\$11,126,000	\$0	\$0	\$0	\$0	\$11,126,000
	Total Non-Transportation New Funding	\$821,126,000	\$130,000,000	\$43,850,410	\$454,423,097	\$62,422,000	\$1,511,821,507
	Transportation	\$0	\$400,000,000	\$0	\$561,945,523	\$791,383,200	\$1,753,328,723
	Grand Total	\$821,126,000	\$530,000,000	\$43,850,410	\$1,016,368,620	\$853,805,200	\$3,265,150,230

¹The 2007 Maryland Consolidated Capital Bond Loan provides earmarked funding through the Department of Natural Resources Community Parks and Playgrounds Program.

²This does not include \$13.6 million from the Interagency Committee on School Construction Contingency Fund which brings the total funding for school construction projects to \$401.8 million.

³Language in the fiscal 2008 operating budget bill authorizes the Governor to transfer \$2 million from the Neighborhood Business Development Program (NBDP) to fund Community Legacy Program projects – this would raise the amount of funds authorized for the Community Legacy Program to \$6.5 million and reduce by \$2.0 million the amount of funds authorized for NBDP for fiscal 2008.

⁴Language in the fiscal 2008 operating budget bill authorizes the Governor to fund this project/program from the Maryland Economic Development Authority Assistance Fund special funds capital appropriation.

⁵This amount does not include funds pre-authorized in the 2007 Maryland Consolidated Capital Bond Loan for fiscal 2009. Specific pre-authorizations that will allow projects to be bid for construction during fiscal 2008 include \$5 million for the Department of Health and Mental Hygiene Clifton T. Perkins Hospital Center, \$7,637,000 for the Department of Public Safety and Correctional Services House of Corrections 192-Cell Medium Security Housing Unit, and \$30 million for the Coppin State University New Physical Education Complex.

Exhibit 2.3
Legislative Projects – 2007 Session

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Allegany County					
Human Resources Development Commission Senior Center	100,000			<u>100,000</u>	Hard
Subtotal				\$100,000	
Anne Arundel County					
Bayhead Park			250,000	250,000	
Children's Theatre of Annapolis	125,000			125,000	Soft (2,3)
Light House Shelter	250,000	100,000		350,000	Soft (all)
Maryland Hall for the Creative Arts	225,000			225,000	Soft (2); Hist. Ease.
Mount Olive Community Life Center		100,000		100,000	Hard
Old Mill High School Stadium			250,000	250,000	
Opportunity Builders	100,000			100,000	Soft (1,3)
Providence Center	100,000	100,000		<u>200,000</u>	Hard
Subtotal				\$1,600,000	
Baltimore City					
Alpha Phi Alpha Fraternity Corporate Headquarters	100,000			100,000	Soft (1,2); Hist. Ease.
Baltimore Museum of Industry		50,000		50,000	Soft (1,2); Hist. Ease.
Baltimore Station Facility	100,000			100,000	Soft (3); Hist. Ease.
Beans and Bread	150,000			150,000	Soft (3)
Clarence H. "Du" Burns Memorial		100,000		100,000	Soft (1)
Dorothy M. Higgins Community Center		100,000		100,000	Soft (1,2)
East Baltimore Housing Community		100,000		100,000	Soft (all)
Edward A. Myerberg Senior Center		125,000		125,000	Hard
Family Cultural Enrichment Community Center	125,000	100,000		225,000	Soft (all)
Fort McHenry Visitors Center		100,000		100,000	Soft (2,3)
Historic East Baltimore Community Action Coalition	200,000			200,000	Hard; Hist. Ease.

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Howard “Pete” Rawlings Hearing and Speech Facility		25,000		25,000	Soft (3)
Junior League of Baltimore Thrift Store	100,000	200,000		300,000	Hard
L.A.M.B. Community Resource Center		100,000		100,000	Soft (all)
Library Square Revitalization	225,000			225,000	Soft (3); Hist. Ease.
Lyndhurst Recreational Center		125,000		125,000	Hard
Restoration Gardens		150,000		150,000	Hard
School 33 Art Center		50,000		50,000	Soft (3); Hist. Ease.
The Mount	100,000			100,000	Soft (2,3); Hist. Ease.
Zion Christian Middle School		100,000		<u>100,000</u>	Soft (1,3)
Subtotal				\$2,525,000	
Baltimore County					
Athletic Lighting Renovations			250,000	250,000	
Athletic Turf Fields			250,000	250,000	
Forbush School		150,000		150,000	Hard
High School Stadium Seating			250,000	250,000	
HopeWell Cancer Support Facility	100,000			100,000	Soft (3)
Irvine Nature Center	200,000	125,000		325,000	Hard
Northeast Skate Park	100,000			100,000	Hard
Storyville Children’s Learning Center	50,000	200,000		250,000	Hard
United Cerebral Palsy Facility	200,000			200,000	Soft (2,3)
Westchester Community Center		150,000		<u>150,000</u>	Soft (U)
Subtotal				\$2,025,000	
Calvert County					
Annmarie Garden	100,000			100,000	Hard
ARC of Southern Maryland Community Resource Center	150,000			150,000	Soft (2,3)
Project ECHO Homeless Shelter		250,000		<u>250,000</u>	Soft (1,2)
Subtotal				\$500,000	
Caroline County					
Caroline Hospice	100,000	50,000		<u>150,000</u>	Soft (2,3)
Subtotal				\$150,000	

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Carroll County					
Danele Shipley Memorial Arena	100,000			100,000	Soft (3)
Marlin K. Hoff Memorial Barn		100,000		<u>100,000</u>	Hard; Hist. Ease.
Subtotal				\$200,000	
Cecil County					
4-H Animal Display Barn	100,000			100,000	Soft (all, U)
Cecil County Breeder's Fair		50,000		50,000	Hard
Stone House	100,000			<u>100,000</u>	Hard; Hist. Ease.
Subtotal				\$250,000	
Charles County					
Charles County Humane Society	150,000			150,000	Hard
Lions Camp Merrick		150,000		150,000	Soft (1,2)
Mattawoman Creek Art Center		15,000		15,000	Soft (2)
Old Waldorf School Community Center		100,000		<u>100,000</u>	Soft (2,3)
Subtotal				\$415,000	
Dorchester County					
Dorchester County Family YMCA	150,000	50,000		200,000	Soft (all)
Dorchester County Historical Society Museum		50,000		<u>50,000</u>	Soft (2,3)
Subtotal				\$250,000	
Frederick County					
C&O Canal National Historic Catoctin Aqueduct		200,000		200,000	Hard
Way Station	250,000			250,000	Soft (1,3); Hist. Ease.
YMCA		50,000		<u>50,000</u>	Hard
Subtotal				\$500,000	
Garrett County					
Garrett Performing Arts Center		50,000		<u>50,000</u>	Soft (all)
Subtotal				\$50,000	
Harford County					
Harford County 4-H Club Camp	100,000			100,000	Soft (2,3)
Havre de Grace Maritime Museum	150,000	150,000		<u>300,000</u>	Soft (2,3)
Subtotal				\$400,000	

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Howard County					
Blandair Regional Park		125,000	250,000	375,000	Hard; Hist. Ease.
Norbel School		50,000		50,000	Hard
North Laurel Community Center	200,000			200,000	Hard
Robinson Nature Center		350,000		<u>350,000</u>	Hard
Subtotal				<u>\$975,000</u>	
Montgomery County					
Agriculture Activity Center Expansion	100,000	100,000		200,000	Hard
Birchmere Music Hall			2,000,000	2,000,000	
Damascus Heritage Museum		200,000		200,000	Soft (U,2)
Easter Seals Inter-Generational Center	200,000			200,000	Hard
Gaithersburg Regional Aquatic Recreation Center		100,000		100,000	Soft (1,3)
Germantown Boys & Girls Club Gymnasium	200,000	350,000	225,000	775,000	Hard
Glen Echo Park		225,000		225,000	Hard
Imagination Stage	150,000			150,000	Soft (3)
Katherine Thomas High School		50,000		50,000	Soft (2,3)
MacDonald Knolls Center	150,000	100,000		250,000	Hard
Metropolitan Washington Ear Facility		25,000		25,000	Soft (1)
National Labor College Academic Services Building		100,000		100,000	Hard
Nonprofit Village Center	250,000			250,000	Soft (1,2)
Oakley Cabin Restoration		15,000		15,000	Soft (U,2); Hist. Ease.
Public Safety Memorial	150,000			150,000	Hard
Rockville Senior Center Expansion		100,000		100,000	Hard
Warren Historical Site – Loving Charity Hall	175,000			175,000	Soft (all); Hist. Ease.
Wheaton Multi-Service Youth Facility	100,000	100,000		200,000	Hard
Woodstock Equestrian Park		250,000	250,000	<u>500,000</u>	Hard; Hist. Ease.
Subtotal				<u>\$5,665,000</u>	
Prince George's County					
Brandywine North Keys Community Park			250,000	250,000	
College Park Aviation Museum	75,000			75,000	Hard; Hist. Ease.

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Delta Alumnae Community Development Center	100,000			100,000	Soft (2)
Duvall Field Renovation		75,000		75,000	Hard
Ernest Everett Just Monument	75,000	75,000		150,000	Soft (all)
Fraternal Order of Police Fallen Hero Memorial	100,000	150,000		250,000	Soft (all)
Hard Bargain Farm Environmental Center	100,000			100,000	Soft (all); Hist. Ease.
Historic Greenbelt Theater	200,000	100,000		300,000	Soft (3); Hist. Ease.
Historic Laurel Mill Ruins		100,000		100,000	Hard
Laurel Armory Anderson Murphy Community Center	100,000			100,000	Soft (3); Hist. Ease.
Marlton Gazebo	100,000			100,000	Soft (3); Hist. Ease.
Maryland Crime Victims' Resource Foundation	100,000			100,000	Soft (3)
Maryland Multicultural Youth Center Multi-Purpose Room		100,000		100,000	Soft (all)
Mission of Love	150,000			150,000	Soft (all)
National Philippine Cultural Center		100,000		100,000	Soft (all)
Palmer Park Boys and Girls Club		175,000		175,000	Soft (all)
Poplar Hill on His Lordship's Kindness	100,000			100,000	Soft (all); Hist. Ease.
Reid Community Business Development Center	100,000	200,000		300,000	Hard
Safe Passage Emergency Shelter		150,000		150,000	Hard
Suitland Technology Center	75,000	75,000		150,000	Soft (3)
World Arts Focus Performance Theatre	100,000			<u>100,000</u>	Hard
Subtotal				\$3,025,000	
Queen Anne's County					
Chesterwye Center Addition	50,000	150,000		<u>200,000</u>	Soft (3)
Subtotal				\$200,000	
St. Mary's County					
Hospice House	100,000	50,000		150,000	Hard
SMARTCO's Computer Technology Learning Center		50,000		50,000	Soft (2, 3)
St. Clement's Island Lighthouse	100,000			100,000	Soft (2)
St. Mary's Agriculture Service Center		100,000		100,000	Soft (1)
St. Mary's College Amphitheater	75,000			75,000	Soft (1,3)
Tudor Hall	25,000			<u>25,000</u>	Hard; Hist. Ease.

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Subtotal				\$500,000	
Somerset County					
Alice Byrd Tawes Nursing Home Replacement Facility	100,000	150,000		250,000	Soft (3)
Teackle Mansion Restoration and Expansion	100,000			<u>100,000</u>	Soft (1, 3); Hist. Ease.
Subtotal				\$350,000	
Talbot County					
Easton Memorial Walk	47,000			47,000	Soft (2)
Talbot Agricultural Service Center	50,000	50,000		<u>100,000</u>	Soft (1)
Subtotal				147,000	
Washington County					
Barbara Ingram School for the Arts		150,000		150,000	Hard; Hist. Ease.
C&O Canal National Historical Park		100,000		100,000	Hard; Hist. Ease.
Museum of Fine Arts	150,000			<u>150,000</u>	Hard; Hist. Ease.
Subtotal				\$400,000	
Wicomico County					
Epilepsy Association Facility	150,000			150,000	Soft (1, 3)
Salisbury Zoo Animal Health Facility	100,000			<u>100,000</u>	Soft (3)
Subtotal				\$250,000	
Worcester County					
Delmarva Discovery Center on the Pocomoke River	100,000	50,000		150,000	Hard
Mar-Va Theater Performing Arts Center	100,000			<u>100,000</u>	Soft (2); Hist. Ease.
Subtotal				\$250,000	
Statewide					
Capital Area Food Bank	200,000	200,000		400,000	Soft (all)
Chimes School	250,000			250,000	Hard
Flag House and Star Spangled Banner Museum		125,000		125,000	Soft (3); Hist. Ease.
Hispanic Apostolate and Immigration Legal Services	128,000	125,000		253,000	Hard
Hope House	100,000	100,000		200,000	Soft (U, 2)
Martin Luther King, Jr. National Memorial Project	250,000	250,000		500,000	Hard
Maryland Artificial Reef Initiative		250,000	250,000	500,000	Hard

<u>Project Title</u>	<u>House Initiatives</u>	<u>Senate Initiatives</u>	<u>Other</u>	<u>Total Funding</u>	<u>Match/Requirements</u>
Maryland Food Bank	200,000	200,000		400,000	Hard
Maryland Science Center		200,000		200,000	Soft (all)
Pentagon Memorial	125,000	125,000		250,000	Hard
Port Discovery		125,000		125,000	Hard
The Benedictine School	250,000			250,000	Soft(3)
The Maryland Study Center at Kiplin Hall		170,000		170,000	Grant
Walters Art Museum		125,000		<u>125,000</u>	Soft (2); Hist. Ease.
Subtotal				\$3,748,000	
Total Senate and House Local Initiatives	\$10,000,000	\$10,000,000			

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

Debt Affordability

As shown in **Exhibit 2.4**, the long range plan adopted by the Capital Debt Affordability Committee (CDAC) in September 2006 provides for a total of over \$4.3 billion in authorizations from 2007 to 2011. This is an increase of \$565 million over the amount recommended by the CDAC in its September 2005 report for the five-year planning period considered by the committee. The revised debt limits included an additional \$100 million to permanently expand the capital program and a 3 percent growth factor to account for the effects of inflation. For the 2007 session, CDAC recommended \$810 million of new GO bond authorizations to support the capital program. The 2007 MCCBL passed by the General Assembly is consistent with the level of new GO debt authorizations recommended by CDAC. An additional \$19.8 million in GO bonds from prior years is deauthorized in the capital budget of 2007, thereby increasing the amount of new GO debt included in the capital program to \$829.8 million. Included in the \$829.8 million of new debt is \$3.0 million authorized in the Southern Maryland Regional Strategy-Action Plan for Agriculture Loan of 2001 for the Tobacco Transition Program as amended by Chapter 46 of 2006, the capital budget of 2006.

Exhibit 2.4
Capital Debt Affordability Committee Recommended Levels of General
Obligation Bond Authorizations
2007-2011 Legislative Sessions
(\$ in Millions)

<u>Session</u>	<u>2005 Report Recommended Authorizations</u>	<u>2006 Report Recommended Authorizations</u>	<u>Increased Authorization</u>
2007	\$710	\$810	\$100
2008	730	835	105
2009	745	860	115
2010	770	890	120
2011	795	920	125
Total	\$3,750	\$4,315	\$565

Source: *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*, September 2005 and 2006.

The State's capital program for fiscal 2008 also included other actions that affect debt management and future capital budgets.

- The Maryland Department of the Environment plans to issue \$100 million in revenue bonds to fund the upgrades of wastewater treatment plants. Title 9 of the Environment Article authorizes the Maryland Water Quality Financing Administration to issue bonds

and lend the proceeds to local governments for the construction, acquisition, or refinancing of wastewater facilities. The issuance of bonds by the administration does not create or constitute any indebtedness or obligation of the State or any political subdivision. Bonds are payable solely from the administration's revenues received in connection with the respective projects financed or refinanced. The administration plans to issue \$50 million under this authority. In addition, Chapter 428 of 2004 established the Bay Restoration Fund and authorized the administration to issue bonds for grants to upgrade wastewater treatment plants. Security for the bonds is the revenues from a fee imposed on users of wastewater facilities, septic systems, and sewage holding tanks. The administration plans to issue \$50 million in revenue bonds; they are considered State tax supported debt and are therefore incorporated in the CDAC's annual debt affordability analysis.

- The 2007 MCCBL includes four general obligation bond authorizations that will not take effect until fiscal 2009. The pre-authorized debt totals \$50.4 million and includes \$30 million for the Coppin State University New Physical Education Complex, \$7.6 million for the Department of Public Safety and Correctional Services Maryland Correctional Training Center New 192-Cell Medium Security Housing Unit, \$7.8 million for the Department of Health and Mental Hygiene (DHMH) New Public Health Laboratory, and \$5.0 million for the DHMH Clifton T. Perkins Hospital Center New Maximum Security Wing. Other than the pre-authorization for the New Public Health Laboratory, the other projects included language added by the General Assembly that allows for the contracts to be bid without the full authorization needed to fully fund the contract.

Higher Education

The fiscal 2008 capital program for all segments of higher education is \$251.6 million, including GO bonds and academic revenue bonds. Of the total funding, four-year public institutions receive \$182.2 million and independent colleges receive \$8 million. Community colleges receive \$61.4 million in fiscal 2008, the highest funding level in a single year for community colleges. The *Capital Improvement Program* (CIP), after legislative changes to the fiscal 2008 capital budget, shows \$1.5 billion in capital spending for higher education projects from fiscal 2008 through 2012. **Exhibit 2.5** shows the fiscal 2007 and 2008 legislative appropriations for higher education capital projects and the funds anticipated in the CIP for fiscal 2009 through 2012. **Exhibit 2.6** shows the fiscal 2008 capital funding by institution.

Exhibit 2.5
Higher Education Fiscal 2007-2012
Authorized and Planned Out-year Capital Funding
 (\$ in Thousands)

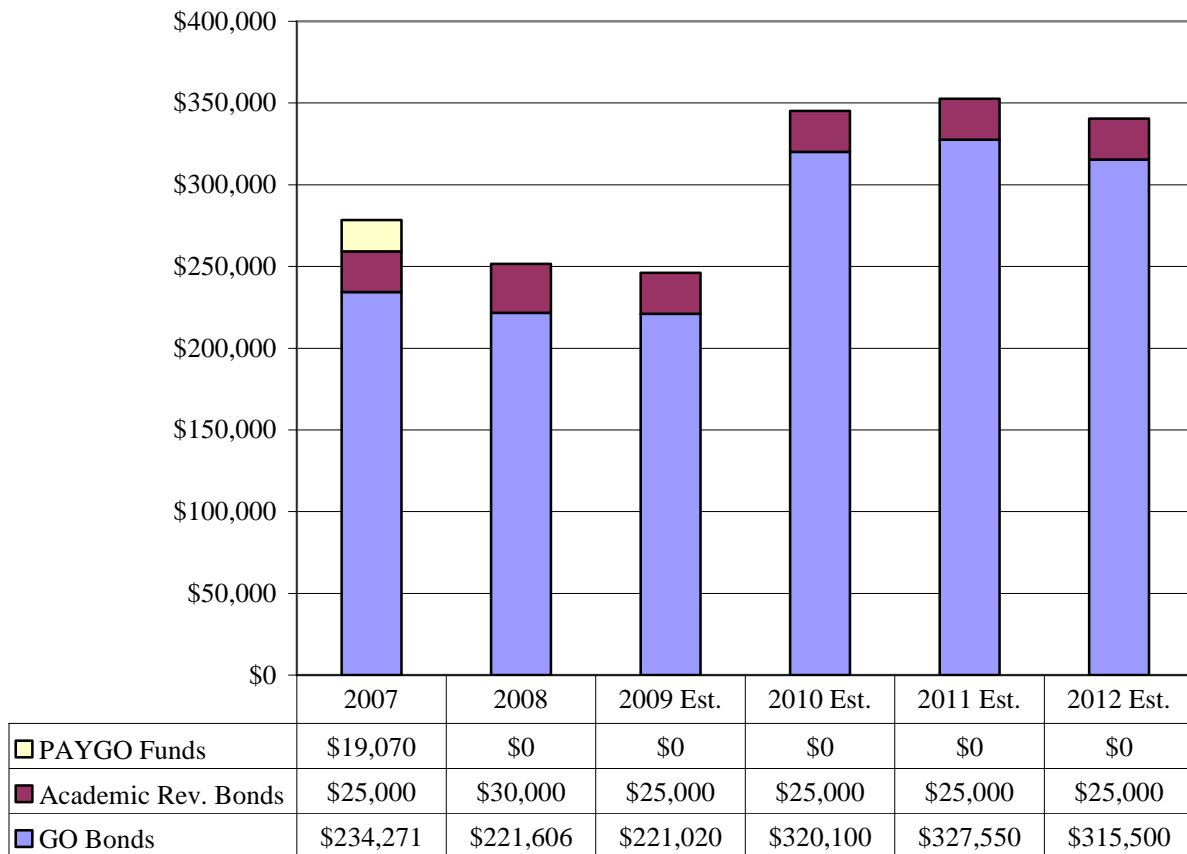


Exhibit 2.6
Higher Education Fiscal 2008 Capital Funding by Institution
(\$ in Thousands)

<u>Institution</u>	<u>Fiscal 2008 Capital Funding</u>
University of Maryland, College Park	\$28,800
Towson University	13,505
Coppin State University	87,064
University of Baltimore	1,211
Salisbury University	12,509
University of Maryland University College	1,185
University of Maryland Baltimore County	2,725
University of Maryland Center for Environmental Science	9,200
University System of Maryland – Facility Renewal	15,000
University System of Maryland – Shady Grove	1,200
St. Mary’s College of Maryland	1,077
Morgan State University	8,740
Independent Colleges	8,000
Community Colleges	61,390 ¹
Total	\$251,606²

¹This figure includes \$5 million authorized for the Garrett College Community Center project, a portion of which was eligible for State aid through the Maryland Higher Education Commission Community College Facilities Grant Program.

²This does not include \$10 million authorized for the University of Maryland Medical System.

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

The capital budget of 2007 contains \$401.8 million for public school construction in fiscal 2008, the highest level of school construction funding since the program began in 1971, following the previous high of \$322.7 million in fiscal 2007. The fiscal 2008 amount represents a \$79.1 million or 24.5 percent increase over fiscal 2007. Included in the \$401.8 million school construction budget are \$385.8 million in General Obligation (GO) bonds, \$2.4 million in special fund PAYGO in Stadium Authority funds, and \$13.6 million in the contingency fund from unexpended amounts for projects budgeted in prior years. A total of \$652.2 million was requested by local jurisdictions for projects that are either A (funded) or B (ready to go). The General Assembly funded on average 61.6 percent of those projects. In January 2007,

Exhibit 2.7
Fiscal 2008 Public School Construction Funding
(\$ in Thousands)

<u>County</u>	<u>BPW Approved</u>	<u>General Assembly Allocated</u>	<u>Total</u>	<u>Total A-B List</u>	<u>% of A-B List</u>	<u>% of FY 08 Total</u>
Allegany	\$412	\$0	\$412	\$412	100.0%	0.1%
Anne Arundel	19,001	8,826	27,827	29,429	94.6%	6.9%
Baltimore City	27,694	24,971	52,665	106,037	49.7%	13.1%
Baltimore Co.	27,917	24,333	52,250	91,285	57.2%	13.0%
Calvert	5,121	7,523	12,644	19,973	63.3%	3.1%
Caroline	2,324	102	2,426	2,433	99.7%	0.6%
Carroll	7,079	1,140	8,219	7,948	103.4%	2.0%
Cecil	4,745	4,788	9,533	13,445	70.9%	2.4%
Charles	8,131	5,039	13,170	27,177	48.5%	3.3%
Dorchester	2,337	3,800	6,137	9,152	67.1%	1.5%
Frederick	12,733	5,995	18,728	36,659	51.1%	4.7%
Garrett	4,800	1,443	6,243	8,730	71.5%	1.6%
Harford	11,966	4,272	16,238	38,356	42.3%	4.0%
Howard	15,033	8,173	23,206	33,156	70.0%	5.8%
Kent	1,087	248	1,335	1,087	122.8%	0.3%
Montgomery	29,311	22,986	52,297	74,975	69.8%	13.0%
Prince George's	29,267	22,983	52,250	82,757	63.1%	13.0%
Queen Anne's	1,957	1,968	3,925	6,647	59.0%	1.0%
St. Mary's	6,861	2,945	9,806	13,713	71.5%	2.4%
Somerset	3,251	1,902	5,153	5,153	100.0%	1.3%
Talbot	2,038	0	2,038	2,038	100.0%	0.5%
Washington	6,700	2,270	8,970	20,194	44.4%	2.2%
Wicomico	6,259	1,884	8,143	11,034	73.8%	2.0%
Worcester	6,126	2,087	8,213	10,396	79.0%	2.0%
Total	\$242,150	\$159,678	\$401,828	\$652,186	61.6%	100.0%

Note: The total includes \$1.8 million that has been reserved in the contingency fund for Dunbar High School in Baltimore City.

the Board of Public Works (BPW) approved \$242.2 million for projects recommended by the Interagency Committee on Public School Construction (IAC), representing 75 percent of the preliminary \$323.0 million proposed by Governor Ehrlich for fiscal 2008. After the increase in funding to \$400.0 million by Governor O'Malley, the General Assembly allocated an additional \$159.7 million to 22 jurisdictions. **Exhibit 2.7** shows the allocations made to the 24 local jurisdictions.

The federal Qualified Zone Academy Bonds (QZAB) program was extended for two more years in 2006, with Maryland's allocation totaling \$11.1 million. **Senate Bill 986/Chapter 585** authorizes the State to issue a total of \$11.1 million in additional QZABs and requires \$5.5 million to be allocated to the 24 jurisdictions using the statutory distribution formula for the Aging Schools Program. Through 2005, Maryland has authorized \$35.5 million in QZABs.

Transfer Tax

The property transfer tax is the primary funding source for State land conservation programs. The fiscal 2008 budget allocates the full amount of estimated transfer tax revenues to programs as required in statute. This is the second consecutive fiscal year that the full amount of estimated revenues was distributed according to the statutory formula for land conservation programs after several years of diversion to the State's general fund. A total of \$255.4 will be available for local and State land conservation projects, as shown in **Exhibit 2.8**. The decrease in funds available for fiscal 2008 is due primarily to lower transfer tax estimates that reflect a slow down in real estate transactions.

Exhibit 2.8 Land Conservation and Property Transfer Tax

	FY 2007 Legislative <u>Appropriation</u>	FY 2008 Legislative <u>Appropriation</u>
Program Open Space (POS)	\$268,298,580	\$191,207,964
POS Local	134,149,290	95,603,982
POS State	134,149,290	95,603,982
Additional State Land Acquisition	3,610,094	2,584,271
Maryland Agricultural Land Preservation Program (MALPP)	61,552,106	44,061,820
Rural Legacy*	18,050,471	12,921,355
Heritage Conservation Fund	6,498,170	4,651,688
Total	\$358,009,421	\$255,427,098

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

*The fiscal 2007 and 2008 legislative appropriations earmark \$8.0 million in State POS funds for the Rural Legacy Program.

Chapter Three – Impact of Legislation on State Revenues and Expenditures

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

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 57	Education – Teachers – State and Local Aid Program for Certification by the National Board for Professional Teaching Standards (Ch. 309)						
	SF	\$12,500	\$54,167	\$108,333	\$150,000	\$175,000	SF expenditures increase by same amount.
SB 91/HB 359	Clean Indoor Air Act of 2007 (Ch. 501/Ch. 502)						
	SF	increase	increase	increase	increase	increase	Minimal fine revenues.
SB 93/HB 1001	Unclaimed Restitution – Disbursements and Use (Ch. 125/Ch. 126)						
	SF	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	
	GF	(135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	
SB 100/HB 921	Motor Vehicle Excise Tax – Active Duty Military Personnel Who Become Maryland Residents (Ch. 310/Ch. 311)						
	SF	decrease	decrease	decrease	decrease	decrease	Minimal reduction in excise tax revenues.
SB 101	Nursing Facilities – Quality Assessment – Medicaid Reimbursement (Ch. 503)						
	SF	\$15,958,500	\$22,235,510	\$23,236,108	\$24,281,733	\$25,374,411	\$14,906,250 assumed in FY 2008 budget. SF expenditures increase by same amount, matched with FF expenditures.
SB 103/HB 131	Maryland Clean Cars Act of 2007 (Ch. 111/Ch. 112)						
	SF	\$0	\$0	decrease	decrease	decrease	Continued VEIP exemption for hybrids.
SB 148/HB 133	Natural Resources – Chesapeake Bay – Oyster Restoration (Ch. 113/Ch. 114)						
	SF	increase	increase	increase	increase	increase	Potential minimal fee revenues. SF expenditures increase by at least same amount.

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 152	Family Law – Criminal History Records Check Costs – Exemption for Volunteers (Ch. 521)						
	GF	(\$76,950)	(\$107,730)	(\$113,126)	(\$118,826)	(\$124,716)	
SB 154/HB 263	Child Support Enforcement – Child Support Payment Incentive Program (Ch. 15/Ch. 16)						
	SF	increase	increase	increase	increase	increase	Potential minimal child support collections.
SB 180	Somerset County – Sale of Property – Whittington Elementary School (Ch. 313)						
	SF	indet.	\$0	\$0	\$0	\$0	Potential foregone school sale revenue.
SB 214/HB 1194	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 535/Ch. 536)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
SB 217/HB 220	Vehicle Laws – Special and Commemorative Registration Plates (Ch. 135/Ch. 136)						
	SF	(\$2,108)	(\$2,810)	(\$2,810)	(\$2,810)	(\$2,810)	
SB 219/HB 187	Estates and Trusts – Donation of Conservation Easements (Ch. 18/Ch. 19)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential reduction in estate tax revenues.
SB 220/HB 1027	Real Property – Release of Mortgage, Deed of Trust, or Lien Instrument (Ch. 20/Ch. 21)						
	SF	increase	increase	increase	increase	increase	Minimal title insurance producer license fee revenues.
SB 252	Anne Arundel County – Roadside Advertising or Solicitation of Money or Donations – Prohibition (Ch. 537)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.

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Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 254	Environment – Groundwater Contamination – Notification and Reimbursement of Costs (Ch. 538)						
	SF	\$14,798	\$19,927	\$20,127	\$20,328	\$20,531	SF expenditures increase by same amount.
SB 255	State Board of Physicians – Sunset Extension and Program Evaluation (Ch. 539)						
	GF	(\$6,233)	(\$28,925)	(\$6,233)	(\$28,925)	(\$6,233)	
	SF	\$85,283	(\$45,430)	(\$71,046)	(\$45,430)	(\$71,046)	Office of Student Financial Assistance.
	SF	(\$79,050)	\$74,355	\$77,278	\$74,355	\$77,278	State Board of Physicians.
SB 271	Hunting – Exemptions from License and Stamp Requirement (Ch. 319)						
	SF	decrease	decrease	decrease	decrease	decrease	Reduction in license/stamp fee revenues.
	FF	\$0	\$0	decrease	decrease	decrease	Minimal reduction in federal fund revenues.
SB 335/HB 1160	Qualified State Long-Term Care Insurance Partnership – Revisions (Ch. 28/Ch. 29)						
	SF	increase	increase	increase	increase	increase	Minimal rate and form filing fee revenues.
SB 351	Forensic Laboratories – Standards and Oversight (Ch. 147)						
	GF	\$0	\$0	\$0	\$0	\$18,000	
	FF	\$0	\$0	\$0	\$0	increase	Potential federal grants for DHMH.
SB 389	Civil Actions – Liability of Insurer – Failure to Act in Good Faith (Ch. 150)						
	SF	increase	increase	increase	increase	increase	Increase in MAIF premium revenues to offset additional insurance claim payouts.

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 400	Electric Industry Restructuring – Proceedings – Review and Evaluation (Ch. 549)						
	SF	increase	\$0	\$0	\$0	\$0	OPC SF expenditures increase by same amount.
	SF	increase	\$0	\$0	\$0	\$0	PSC SF expenditures increase by same amount.
SB 419/HB 392	Income Tax – Subtraction Modification – Military Retirement Income for Commissioned Officers (Ch. 552/Ch. 553)						
	GF	(\$117,514)	(\$119,276)	(\$120,894)	(\$122,535)	(\$124,201)	
SB 438	Maryland Transit Administration – Continuation of Passenger Railroad Service on Amtrak and CSX Lines (Ch. 556)						
	SF	\$0	increase	increase	increase	increase	Potential MARC operating revenues.
SB 461	Labor and Employment – Maryland Workforce Investment Act – Transit Service for Low-Income Individuals (Ch. 332)						
	SF	increase	increase	increase	increase	increase	Transit pass revenues.
SB 522/HB 436	Homestead Tax Credit – Eligibility Verification – Application (Ch. 564/Ch. 565)						
	GF	\$599,186	\$681,151	\$703,468	\$688,589	\$713,591	GF expenditures increase by the same amount.
	SF	\$0	increase	increase	increase	increase	Potential significant increase in SF revenues from reduced tax credits.
SB 566	Public Utility Companies – Generating Stations – Wind (Ch. 163)						
	GF	decrease	decrease	decrease	decrease	decrease	Minimal reduction in tax revenues from additional clean energy incentive tax credits.
SB 588	Insurance – Binders or Policies – Personal Insurance (Ch. 338)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal filing fee revenues.

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Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 595/HB 1016	Electricity Net Energy Metering – Renewable Energy Portfolio Standard – Solar Energy (Ch. 119/Ch. 120)						
	GF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in electricity and sales tax revenues.
SB 613/HB 598	Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 566/Ch. 567)						
	GF	\$0	(\$4,068,100)	(\$4,188,500)	\$0	\$0	
	SF	\$0	\$216,344	\$228,023	\$0	\$0	SF expenditures increase by same amount.
SB 696	Crimes – Leaving Dogs Outside and Unattended by Use of Restraints – Penalties (Ch. 570)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 699	State Highway Administration – Protection of Highway Construction and Maintenance Workers (Ch. 571)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 754	Vehicle Laws – Eluding a Police Officer – Crimes of Violence (Ch. 184)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
SB 756/HB 457	Health Occupations – Funeral Director Licenses (Ch. 185/Ch. 186)						
	SF	increase	increase	increase	increase	increase	Potential minimal license fee revenues.
SB 759/HB 1030	Wholesale Distributor Permitting and Prescription Drug Integrity Act (Ch. 352/Ch. 353)						
	SF	\$325,700	(\$419,500)	\$325,700	(\$419,500)	\$325,700	
SB 885	Ethics Law – Miscellaneous Provisions (Ch. 200)						
	SF	\$125,000	\$130,000	\$132,000	\$135,000	\$137,000	Possible commensurate GF expenditure decrease.

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 935	Vehicle Laws – Traffic Control Signals – Exit Ramps (Ch. 582)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
SB 937/HB 1177	State Board for Certification of Residential Child Care Program Administrators – Fees (Ch. 204/Ch. 205)						
	GF	\$54,000	\$6,000	\$36,000	\$4,000	\$36,000	
	SF	decrease	decrease	decrease	decrease	decrease	Potenital reduction in fee revenues.
SB 945/HB 1257	Income Tax – Captive Real Estate Investment Trusts (Ch. 583/Ch. 584)						
	GF	\$7,600,000	\$10,108,000	\$7,600,000	\$7,600,000	\$7,600,000	
	SF	\$2,400,000	\$3,192,000	\$2,400,000	\$2,400,000	\$2,400,000	
SB 952	Health Insurance – Small Group Market – Choice of Policies for Sole Proprietors (Ch. 59)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal rate and form filing fee revenues.
SB 962/HB 1386	Agricultural Ownership Entities – Homestead Tax Credit (Ch. 208/Ch. 209)						
	SF	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in State property tax revenues.
SB 970	Environment – Water Appropriation Permits – Penalties (Ch. 365)						
	SF	increase	increase	increase	increase	increase	Potential fine revenues.
SB 986	Creation of a State Debt – Aging Schools Program – Qualified Zone Academy Bonds (Ch. 585)						
	BOND	\$11,126,000	\$0	\$0	\$0	\$0	Bond expenditures increase by same amount.

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 1008	Town of Brookview (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 215)						
	GF	increase	increase	increase	increase	increase	Potential minimal increase in State tax revenues if authority is exercised.
SB 1010	Town of Galestown (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 216)						
	GF	increase	increase	increase	increase	increase	Potential minimal increase in State tax revenues if authority is exercised.
SB 1012	Natural Resources – Fishery Management Reform Act (Ch. 217)						
	SF	\$2,296,123	\$2,243,602	\$2,198,959	\$0	\$0	Could increase further if general funds are provided.
SB 1017	Crimes – Tobacco Paraphernalia – Distribution to Minors (Ch. 218)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
SB 1022	Group Life Insurance – Additional Insureds – Domestic Partners (Ch. 586)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal filing fee revenues.
SB 1033	Tax Credits for Individuals Facing Employment Barriers – Sunset Extension (Ch. 370)						
	GF	(\$365,581)	(\$516,887)	(\$131,675)	\$0	\$0	
	SF	(\$70,049)	(\$99,041)	(\$25,230)	\$0	\$0	
HB 131/SB 103	See entry for SB 103.						
HB 133/SB 148	See entry for SB 148.						

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 134	Higher Education – Tuition Affordability Act of 2007 (Ch. 294)						
	HE	(\$861,378)	\$0	\$0	\$0	\$0	Morgan State University.
	HE	(\$15,382,586)	\$0	\$0	\$0	\$0	University System of Maryland.
HB 187/SB 219	See entry for SB 219.						
HB 188	Estates, Trusts, and Real Property – Rule Against Perpetuities (Ch. 381)						
	SF	indet.	indet.	indet.	indet.	indet.	Minimal effect on TTF revenues from repurchase of land parcels.
HB 220/SB 217	See entry for SB 217.						
HB 263/SB 154	See entry for SB 154.						
HB 278/SB 299	See entry for SB 299.						
HB 285	Criminal Law – Possession of Child Pornography – Penalty (Ch. 596)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 326	Maryland Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists Act – Revision (Ch. 391)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
	SF	increase	increase	increase	increase	increase	Potential license fee revenues.
HB 334	Lifetime Complimentary Fishing Licenses – POWs and Disabled Veterans (Ch. 71)						
	SF	(\$688)	(\$688)	(\$688)	(\$688)	(\$688)	
HB 359/SB 91	See entry for SB 91.						
HB 392/SB 419	See entry for SB 419.						

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Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 413	State Board for Professional Engineers – Repeal of Authority to Issue Limited Licenses (Ch. 403)						
	SF	\$1,300	\$1,750	\$1,750	\$1,750	\$1,750	
HB 420	Vehicle Laws – Exceptional Milk Hauling Permit – Raw Liquid Milk (Ch. 404)						
	GF	decrease	decrease	decrease	decrease	decrease	Reduced overweight vehicle fine revenues.
	SF	\$12,000	\$12,000	\$12,000	\$12,000	\$0	
HB 430	State Procurement Contracts – Living Wage (Ch. 284)						
	GF	\$0	\$90,000	\$90,000	\$90,000	\$90,000	
HB 436/SB 522	See entry for SB 522.						
HB 440	Vehicle Laws – Engine Brakes – Restrictions (Ch. 406)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 447	St. Mary’s County – Distribution of Tobacco Products to Minors – Prohibition and Penalties (Ch. 604)						
	GF	decrease	decrease	decrease	decrease	decrease	Minimal reduction in fine revenues with corresponding increase in fine revenues for St. Mary’s County.
HB 449	Commercial Law – Consumer Protection – Vehicle Protection Products Act (Ch. 407)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 457/SB 756	See entry for SB 756.						

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 488	Environment – Statewide Electronics Recycling Program (Ch. 239)						
	GF	indet.	indet.	indet.	indet.	indet.	Potential increase in investment earnings; potential decrease from reallocation of certain fines.
	SF	\$500,000	\$750,000	\$555,000	\$560,000	\$465,000	SF expenditures increase by same amount.
HB 494	Elevator Safety – Third-Party Qualified Elevator Inspectors (Ch. 408)						
	GF	\$7,250	\$700	\$7,250	\$700	\$7,250	
HB 501	Prince George’s County – Commercial Vehicles Parked in Residential Areas – Citation PG 301-07 (Ch. 240)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 505	Maryland Service Animal Reform Act – “Gretchen’s Law” (Ch. 241)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 509	Prince George’s County – Railroad Grade Crossings – Automated Enforcement Systems PG 320-07 (Ch. 411)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
	SF	increase	increase	increase	increase	increase	Minimal fee revenues.
HB 572	Health Insurance – Personal Responsibility – Study (Ch. 613)						
	SF	\$50,000	\$0	\$0	\$0	\$0	SF expenditures increase by same amount.
HB 579	Health Insurance – Authorization of Additional Products and Small Group Administrative Discounts and Study (Ch. 243)						
	SF	increase	\$0	\$0	\$0	\$0	Minimal rate and form filing fee revenues.
HB 580	Ground Rents – Registry of Properties Subject to Ground Leases (Ch. 290)						
	SF	\$154,375	\$178,750	\$203,125	\$15,625	\$0	

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 590	State Taxes – Solar Energy Grants and Devices (Ch. 615)						
	GF	(\$57,000)	(\$57,000)	(\$57,000)	(\$57,000)	(\$57,000)	
	SF	(\$5,226)	(\$7,214)	(\$9,202)	(\$11,190)	(\$13,178)	
HB 598/SB 613	See entry for SB 613.						
HB 785	Cigarette Fire Safety Performance Standard and Firefighter Protection Act (Ch. 497)						
	GF/SF	\$0	increase	increase	increase	increase	Potential fine revenues.
	SF	\$0	\$1,500	\$0	\$0	\$1,500	SF expenditures increase by same amount.
HB 788	Health Insurance – Collection of Racial and Ethnic Data – Nondiscrimination (Ch. 26)						
	SF	increase	increase	increase	increase	increase	Minimal rate and form filing fee revenues.
HB 792	Family Law – Child Support – Suspension of Attorney Licenses (Ch. 256)						
	SF	increase	increase	increase	increase	increase	Potential minimal child support collections.
HB 793	Sickle Cell Disease – Statewide Steering Committee on Services for Adults with Sickle Cell Disease (Ch. 435)						
	SF/FF	increase	increase	increase	increase	increase	Potential significant grant revenues.
HB 800	Maryland Health Care Commission – Program Evaluation (Ch. 627)						
	SF	\$1,297,704	\$1,558,486	\$1,878,006	\$2,000,000	\$2,000,000	SF expenditures increase by same amount.
HB 844	Health Services Cost Review Commission – Sunset Extension and Program Evaluation (Ch. 628)						
	SF	\$725,632	\$867,503	\$1,015,234	\$1,169,083	\$1,329,319	SF expenditures increase by same amount.

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 847	Discount Medical Plan Organizations and Discount Drug Plan Organizations – Registration and Regulation (Ch. 629)						
	SF	\$5,000	\$2,500	\$3,000	\$1,500	\$2,500	SF expenditures exceed revenues.
HB 921/SB 100	See entry for SB 100.						
HB 971	State Personnel – Collective Bargaining – Use of Employee Information (Ch. 634)						
	HE	increase	increase	increase	increase	increase	Minimal increase in fee revenues to offset associated costs.
HB 1001/SB 93	See entry for SB 93.						
HB 1016/SB 595	See entry for SB 595.						
HB 1027/SB 220	See entry for SB 220.						
HB 1030/SB 759	See entry for SB 759.						
HB 1033	Health Insurance – Prescription Drugs and Devices – Copayment or Coinsurance (Ch. 638)						
	SF	increase	increase	increase	increase	increase	Minimal rate and form filing fee revenues.
HB 1036	Identity Fraud – Inducing Another to Provide Identifying Information – Prohibited (Ch. 447)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1057	Health Insurance – Family Coverage Expansion Act (Ch. 639)						
	SF	increase	increase	increase	increase	increase	Minimal rate and form filing fee revenues.

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1109	District Court – Civil Jurisdiction – Amount in Controversy (Ch. 84)						
	GF	indet.	indet.	indet.	indet.	indet.	Significant increase in District Court filing fees; significant decrease in circuit court filing fees.
HB 1116	Academic Facilities Bonding Authority (Ch. 489)						
	BOND	\$30,000,000	\$0	\$0	\$0	\$0	Assumed in the FY 2008 capital budget. Bond expenditures increase by same amount.
HB 1143	Income Tax Withholding – Nonresident Contractors (Ch. 640)						
	GF	(\$346,634)	(\$360,500)	(\$374,920)	(\$389,916)	(\$405,513)	
HB 1158	Shellfish Dealers – Licensure (Ch. 266)						
	SF	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	
HB 1160/SB 335	See entry for SB 335.						
HB 1165	Corporations and Associations – Charter Documents – Execution Requirements for Business Trusts (Ch. 457)						
	GF	increase	increase	increase	increase	increase	Minimal increase in SDAT document processing fees.
HB 1177/SB 937	See entry for SB 937.						
HB 1180	Unemployment Insurance – Schedule of Benefits (Ch. 298)						
	NB	\$0	\$4,778,798	\$11,208,651	\$17,728,752	\$19,567,536	Unemployment Insurance Trust Fund.
HB 1194/SB 214	See entry for SB 214.						

Legislation Affecting State Revenues

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	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1207	Criminal Law – Sexual Contact with Inmates in Correctional and Juvenile Facilities (Ch. 458)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenue.
HB 1257/SB 945	See entry for SB 945.						
HB 1288	State Real Estate Commission – Sales Agents for Home Builders – Licensure (Ch. 274)						
	SF	increase	increase	increase	increase	increase	Potential licensing fee revenues. Potential SF licensing costs of similar amount.
HB 1291	Solid Waste Regulation – Criminal Penalties (Ch. 468)						
	SF	increase	increase	increase	increase	increase	Potential minimal fine revenues.
HB 1309	Higher Education – Foster Care Recipients – Waiver of Tuition and Fees (Ch. 644)						
	HE	(\$3,902)	(\$4,020)	(\$4,140)	(\$4,264)	(\$4,392)	Morgan State University.
	HE	(\$39,459)	(\$40,644)	(\$41,864)	(\$43,116)	(\$44,413)	University System of Maryland.
HB 1313	Department of Health and Mental Hygiene – Maryland Medical Assistance Program – Information from and Liability of Health Insurance Carriers (Ch. 646)						
	SF	increase	increase	increase	increase	increase	Minimal rate and form filing fee revenues.
HB 1324	Collection Agencies – Licensing (Ch. 472)						
	GF	\$16,000	\$800	\$17,600	\$800	\$19,200	
HB 1347	Public Service Company Franchise Tax – Returns and Collection (Ch. 475)						
	GF	increase	increase	increase	increase	increase	Potential minimal fine revenues.

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Legislation Affecting State Revenues

	<u>Fund</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1352	Maryland Horse Industry Board – Rescue Stables (Ch. 100)						
	GF	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	
HB 1362	Town of Eldorado (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 278)						
	GF	increase	increase	increase	increase	increase	Potential minimal increase in State tax revenues if authority is exercised.
HB 1364	Town of Hurlock (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 279)						
	GF	increase	increase	increase	increase	increase	Potential minimal increase in State tax revenues if authority is exercised.
HB 1367	Vehicle Laws – Emergency Vehicles – Green Flashing Lights (Ch. 280)						
	GF	increase	increase	increase	increase	increase	Minimal fine revenues.
HB 1386/SB 962	See entry for SB 962.						
HB 1422	Property Tax – Exemptions – Bus Passenger Shelters (Ch. 107)						
	SF	\$13,440	\$13,440	\$13,440	\$13,440	\$13,440	
HB 1427	Family Law – Child Support – Collection Fee (Ch. 483)						
	SF	\$1,869,650	\$280,455	\$0	\$0	\$0	
	FF	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)	

Totals by Fund Type/Summary of Quantifiable Revenue Effects

<u>Fund Type</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
GF	\$7,173,024	\$5,494,733	\$3,328,470	\$7,533,387	\$7,632,878
SF	\$25,830,284	\$31,398,006	\$32,439,507	\$30,495,596	\$32,376,107
FF	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)	(\$1,233,969)
BOND	\$41,126,000	\$0	\$0	\$0	\$0

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 3	Real Property – Condemnation – Procedures and Compensation (Ch. 305)							
	GF/SF/FF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potentially significant increase in relocation assistance costs.
SB 9	State Department of Education and Department of Health and Mental Hygiene – Student Surveys – Workgroup (Ch. 306)							
	GF	Hlth. & Mental Hyg.	\$34,446	\$6,567	\$0	\$0	\$0	
SB 52/HB 117	Consumer Protection – Consumer Reporting Agencies – Consumer Reports – Security Freezes (Ch. 307/Ch. 308)							
	GF	Labor Lic. & Reg.	\$31,037	\$53,505	\$56,337	\$61,342	\$62,532	
SB 57	Education – Teachers – State and Local Aid Program for Certification by the National Board for Professional Teaching Standards (Ch. 309)							
	GF	Education	\$149,599	\$241,168	\$352,020	\$438,029	\$490,876	
	SF	Education	\$12,500	\$54,167	\$108,333	\$150,000	\$175,000	SF revenues increase by same amount.
SB 69	Task Force to Study Prison Violence in Maryland (Ch. 518)							
	GF	Public Sfty & Corr. Srvcs.	\$26,900	\$17,466	\$0	\$0	\$0	
SB 70/HB 26	Task Force to Study Identity Theft (Ch. 9/Ch. 10)							
	GF	Leg. Services	\$20,000	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 83/HB 390	Sexual Offenders – Evaluation Before Sentencing (Ch. 519/Ch. 601)							
	GF	Hlth. & Mental Hyg.	\$156,976	\$179,101	\$185,340	\$191,948	\$198,951	Does not reflect potential costs or workload from criminal appeals. Does not reflect potential costs or workload from criminal appeals.
	GF	Public Defender	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	
SB 91/HB 359	Clean Indoor Air Act of 2007 (Ch. 501/Ch. 502)							
	GF	Hlth. & Mental Hyg.	\$480,168	\$0	\$0	\$0	\$0	
SB 101	Nursing Facilities – Quality Assessment – Medicaid Reimbursement (Ch. 503)							
	SF	Hlth. & Mental Hyg.	\$15,958,500	\$22,235,510	\$23,236,108	\$24,281,733	\$25,374,411	\$14,906,250 in SF included in FY 2008 budget. SF revenues increase by same amount. \$14,906,250 in FF included in FY 2008 budget.
	FF	Hlth. & Mental Hyg.	\$15,958,500	\$22,235,510	\$23,236,108	\$24,281,733	\$25,374,411	
SB 103/HB 131	Maryland Clean Cars Act of 2007 (Ch. 111/Ch. 112)							
	GF	Environment	\$59,458	\$61,381	\$64,477	\$67,755	\$71,228	Vehicle purchase costs. Potential FY 2009 computer programming costs.
	GF	Gen. Services	\$0	\$0	\$0	increase	increase	
	SF	Transportation	\$0	increase	\$0	\$150,000	\$150,000	
SB 105	Statewide Advisory Commission on Immunizations – Duties and Sunset Extension (Ch. 504)							
	GF	Hlth. & Mental Hyg.	\$225,000	\$0	\$0	\$0	\$0	
SB 128	Education – Public Schools – Constitution Day and Citizenship Day and Civic Responsibility for Students (Ch. 12)							
	GF	Election Board, State	\$0	\$7,500	\$7,500	\$7,500	\$7,500	

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 130/HB 611	Public Safety – State Aid for Police Protection Fund – Municipal Sworn Officer Allocation (Ch. 492/Ch. 493)							
	GF	State Police	\$0	\$235,800	\$238,050	\$240,450	\$242,850	
SB 148/HB 133	Natural Resources – Chesapeake Bay – Oyster Restoration (Ch. 113/Ch. 114)							
	GF	Natural Resources	\$82,840	\$57,918	\$57,998	\$58,158	\$58,240	
	SF	Natural Resources	increase	increase	increase	increase	increase	Potential minimal lease costs. SF revenues may or may not offset costs.
SB 154/HB 263	Child Support Enforcement – Child Support Payment Incentive Program (Ch. 15/Ch. 16)							
	GF	Human Resources	\$189,523	\$399	\$403	\$407	\$411	
	FF	Human Resources	\$367,897	\$775	\$783	\$791	\$799	
SB 170/HB 213	Child Sexual Abuse and Crimes of Violence (Ch. 524/Ch. 525)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential eventual incarceration costs.
SB 175	Juveniles – Mentoring Program – “Maryland Rising” (Ch. 526)							
	GF	Juvenile Services	\$337,093	\$409,134	\$430,199	\$452,483	\$476,064	
SB 177	Residential Child Care Programs – Out-of-Home Placement – Standards for Staff and System for Outcomes Evaluation (Ch. 133)							
	GF	Executive Department	\$320,284	\$421,026	\$440,907	\$461,888	\$484,037	
SB 181/HB 30	Oral Health Safety Net Program (Ch. 527/Ch. 528)							
	GF	Hlth. & Mental Hyg.	\$44,002	\$1,174,293	\$1,172,702	\$1,175,600	\$18,532	

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 214/HB 1194	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 535/Ch. 536)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
SB 217/HB 220	Vehicle Laws – Special and Commemorative Registration Plates (Ch. 135/Ch. 136)							
	SF	Transportation	(\$136)	(\$182)	(\$182)	(\$182)	(\$182)	
SB 229	Garrett County – Local Government Tort Claims Act – Inclusion of Specified Nonprofit Entity (Ch. 315)							
	SF	Transportation	decrease	decrease	decrease	decrease	decrease	Minimal reduction in insurance premium costs.
SB 254	Environment – Groundwater Contamination – Notification and Reimbursement of Costs (Ch. 538)							
	SF	Environment	\$14,798	\$19,927	\$20,127	\$20,328	\$20,531	SF revenues increase by same amount.
SB 255	State Board of Physicians – Sunset Extension and Program Evaluation (Ch. 539)							
	SF	Hlth. & Mental Hyg.	\$103,761	\$108,430	\$113,309	\$118,408	\$123,737	
SB 268/HB 1056	Higher Education – Blind and Print Disabled Students – Instructional Materials (Ch. 317/Ch. 318)							
	GF	Education	\$120,077	\$200,000	\$200,000	\$200,000	\$200,000	
	HE	Baltimore City Community College	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in administrative costs.
	HE	Morgan St. Univ.	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in administrative costs.
	HE	St. Mary’s College	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in administrative costs.
	HE	Univ. Sys. of MD	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in administrative costs.

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Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 283	Charles County Prostate Cancer Pilot Program (Ch. 541)							
	GF	Hlth. & Mental Hyg.	\$82,659	\$111,685	\$116,344	\$30,299	\$0	
SB 287	Real Property – Condominiums and Homeowners Associations – Court Appointment of Receiver (Ch. 321)							
	GF	Judiciary	increase	increase	increase	increase	increase	Potential court costs due to additional receivership petitions.
SB 320/HB 152	Law Enforcement Officers’ Pension System – Membership – Martin State Airport Law Enforcement Officers (Ch. 325/Ch. 326)							
	FF	Military Dept.	\$0	\$57,000	\$59,280	\$61,651	\$64,117	
SB 351	Forensic Laboratories – Standards and Oversight (Ch. 147)							
	GF	Hlth. & Mental Hyg.	\$50,798	\$63,196	\$190,638	\$265,519	\$267,984	
	FF	State Police	\$0	\$0	\$0	\$0	\$4,500	
SB 359	Department of Juvenile Services – Reorganization and Regionalization (Ch. 498)							
	GF	Juvenile Services	increase	increase	increase	increase	increase	Potential significant staffing costs.
	BOND	Juvenile Services	increase	increase	increase	increase	increase	Potential significant construction costs.
SB 360	Juvenile Justice Monitoring Unit – Expansion of Jurisdiction (Ch. 499)							
	GF	Juvenile Services	\$120,000	\$125,400	\$131,043	\$136,940	\$143,102	
SB 371	Interstate Compact for Juveniles (Ch. 500)							
	GF	Juvenile Services	\$0	\$21,600	\$21,600	\$21,600	\$21,600	

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 389	Civil Actions – Liability of Insurer – Failure to Act in Good Faith (Ch. 150)							
	SF	Insur. Admin.	increase	increase	increase	increase	increase	Possible additional staff position in OAG paid for by MIA.
	NB	MAIF	increase	increase	increase	increase	increase	Potential significant insurance claim payouts offset by premium increases.
SB 392/HB 18	Election Law – Voting Systems – Voter-Verifiable Paper Records (Ch. 547/Ch. 548)							
	GF	Election Board, State	\$0	\$14,545,015	\$3,170,659	\$942,687	\$386,457	Contingent on funds included in FY 2009 budget.
SB 400	Electric Industry Restructuring – Proceedings – Review and Evaluation (Ch. 549)							
	SF	Peoples Council	increase	increase	\$0	\$0	\$0	Significant costs for studies/hearings. SF revenues increase by same amount.
	SF	Public Srvc. Comm.	increase	increase	\$0	\$0	\$0	Significant costs for studies/hearings. SF revenues increase by same amount.
SB 413/HB 930	Jessica’s Law – Sexual Offenses – Parole Eligibility and Mandatory Minimum Sentences (Ch. 494/Ch. 495)							
	GF	Public Sfty & Corr. Srvcs.	\$0	\$0	\$0	\$0	\$0	Minimal incarcerations costs beginning in FY 2017.
SB 438	Maryland Transit Administration – Continuation of Passenger Railroad Service on Amtrak and CSX Lines (Ch. 556)							
	SF	Transportation	\$0	increase	increase	increase	increase	Potential MARC operating costs.

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 519/HB 571	Truancy – Prohibition Against Issuance of Learner’s Instructional Permit (Ch. 562/Ch. 563)							
	SF	Transportation	increase	\$0	\$0	\$0	\$0	Potential minimal computer programming costs.
SB 522/HB 436	Homestead Tax Credit – Eligibility Verification – Application (Ch. 564/Ch. 565)							
	GF	Assessments & Tax.	\$599,186	\$681,151	\$703,468	\$688,589	\$713,591	GF revenues increase by the same amount.
SB 583	Alternate Contributory Pension Selection – Clarifications (Ch. 337)							
	GF	All or Multiple Agencies	\$0	\$0	\$54,000	\$101,000	\$165,000	
SB 595/HB 1016	Electricity – Net Energy Metering – Renewable Energy Portfolio Standard – Solar Energy (Ch. 119/Ch. 120)							
	GF	All or Multiple Agencies	increase	increase	increase	increase	increase	Potential electricity costs.
SB 606	Human Trafficking, Extortion, and Involuntary Servitude (Ch. 340/Ch. 341)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 611/HB 605	Statewide Empowerment Zones for Seniors Commission (Ch. 511/Ch. 512)							
	GF	Aging	\$29,775	\$40,097	\$10,125	\$0	\$0	
SB 613/HB 598	Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 566/Ch. 567)							
	GF	Planning, Office of	\$0	\$25,000,000	\$25,000,000	\$0	\$0	
	SF	Planning, Office of	\$0	\$216,344	\$228,023	\$0	\$0	SF revenues increase by same amount.

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 674	Maryland Energy Efficiency Standards Act of 2007 (Ch. 568)							
	GF	Energy Administration	\$32,038	\$40,805	\$42,693	\$44,686	\$46,793	
SB 685	Criminal Procedure – Pretrial Release – Posting of Bond Without Appearance of Defendant (Ch. 178)							
	GF	Judiciary	decrease	decrease	decrease	decrease	decrease	Potential significant reduction in District Court staffing needs.
SB 699	State Highway Administration – Protection of Highway Construction and Maintenance Workers (Ch. 571)							
	SF	Transportation	increase	increase	increase	increase	increase	Law enforcement officer costs at specified workzones.
SB 711	Education – “Share the State Fair!” Program (Ch. 49)							
	GF	Education	\$0	\$24,000	\$24,000	\$24,000	\$24,000	
SB 750	Queen Anne’s County – Health Care Facilities Regulation – Licensing of Freestanding Medical Facilities (Ch. 574)							
	GF/FF	Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant Medicaid costs.
SB 754	Vehicle Laws – Eluding a Police Officer – Crimes of Violence (Ch. 184)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 759/HB 1030	Wholesale Distributor Permitting and Prescription Drug Integrity Act (Ch. 352/Ch. 353)							
	SF	Hlth. & Mental Hyg.	\$109,569	\$103,090	\$108,394	\$114,026	\$120,007	

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Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 784/HB 786	Stormwater Management Act of 2007 (Ch. 121/Ch. 122)							
	GF SF/FF/BOND	Environment Transportation	\$170,483 increase	\$93,765 increase	\$0 increase	\$0 increase	\$0 increase	Potential significant TTF, FF, and related bond expenditures for environmental site design and road construction.
SB 883/HB 1284	Ground Leases – Redemption – Preferred Interest Rate Loans (Ch. 292/Ch. 293)							
	SF	Housing & Commty Dvlpt.	\$24,415	\$21,539	\$0	\$0	\$0	
SB 885	Ethics Law – Miscellaneous Provisions (Ch. 200)							
	GF	Ethics Commission	decrease	decrease	decrease	decrease	decrease	Potential reduction due to availability of additional SF fee revenues.
SB 907	Budget Accountability – Master Plans and Evaluations (Ch. 652)							
	GF	Education	\$250,000	\$0	\$0	\$0	\$0	
SB 937/HB 1177	State Board for Certification of Residential Child Care Program Administrators – Fees (Ch. 204/Ch. 205)							
	GF SF	Hlth. & Mental Hyg. Hlth. & Mental Hyg.	\$111,363 decrease	\$100,958 decrease	\$104,686 decrease	\$108,615 decrease	\$112,757 decrease	Board no longer special funded.
SB 945/HB 1257	Income Tax – Captive Real Estate Investment Trusts (Ch. 583/Ch. 584)							
	GF	Comptroller	\$34,000	\$0	\$0	\$0	\$0	

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
SB 970	Environment – Water Appropriation Permits – Penalties (Ch. 365)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
SB 986	Creation of a State Debt – Aging School Program – Qualified Zone Academy Bonds (Ch. 585)							
	GF	Debt Service	\$0	\$30,834	\$30,834	\$30,834	\$30,834	
	GF	School Construction	(\$5,500,000)	\$0	\$0	\$0	\$0	Assumed in FY 2008 budget.
	SF	Debt Service	\$0	\$460,166	\$460,166	\$460,166	\$460,166	
	BOND	School Construction	\$11,126,000	0	0	0	0	Bond revenues increase by same amount.
SB 987/HB 1270	Maryland HIV/AIDS Reporting Act (Ch. 212/Ch. 213)							
	GF	Hlth. & Mental Hyg.	\$802,350	\$517,500	\$0	\$0	\$0	
SB 999	State Retirement and Pension System – Investment Oversight (Ch. 368)							
	SF	Retirement Agency	increase	increase	increase	increase	increase	CIO compensation costs.
SB 1012	Natural Resources – Fishery Management Reform Act (Ch. 217)							
	GF	Natural Resources	\$0	increase	increase	\$0	\$0	Potential appropriation to special funds.
	SF	Natural Resources	increase	increase	increase	\$0	\$0	Minimal task force/peer review costs.
HB 10	Criminal Procedure – Expungement of Police Records – Arrest Without Charge – Automatic (Ch. 63)							
	GF	Public Sfty & Corr. Srvcs.	\$350,654	\$429,391	\$453,597	\$479,349	\$506,754	
HB 18/SB 392	See entry for SB 392.							

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Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 26/SB 70	See entry for SB 70.							
HB 30/SB 181	See entry for SB 181.							
HB 117/SB 52	See entry for SB 52.							
HB 131/SB 103	See entry for SB 103.							
HB 133/SB 148	See entry for SB 148.							
HB 137	State Agencies – StateStat (Ch. 7)							
	GF	Budget & Mgt.	\$361,444	\$335,746	\$352,738	\$370,675	\$389,617	
HB 141	State Board of Pharmacy – Sending Renewal Notices by Electronic Means (Ch. 378)							
	SF	Hlth. & Mental Hyg.	decrease	decrease	decrease	decrease	decrease	Potential minimal reduction in mailing costs.
HB 152/SB 320	See entry for SB 320.							
HB 162	State Employees’ Rights and Protections Act of 2007 (Ch. 592)							
	GF	Budget & Mgt.	\$49,226	\$0	\$0	\$0	\$0	
HB 183	Real Property – Maryland Homeowners Association Act – Enforcement Authority of Division of Consumer Protection (Ch. 593)							
	GF	Attorney General’s Office	\$131,847	\$170,596	\$178,938	\$187,744	\$197,042	
HB 213/SB 170	See entry for SB 170.							
HB 220/SB 217	See entry for SB 217.							
HB 263/SB 154	See entry for SB 154.							

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 269	Walter Sondheim Jr. Public Service Summer Internship Scholarship Program (Ch. 490)							
	GF	Univ. Sys. of MD	\$225,000	\$300,000	\$300,000	\$300,000	\$300,000	
HB 274	Study Commission to Explore the Expanded Application of State Stipends for National Certification of Teachers (Ch. 387)							
	GF	Education	\$38,049	\$0	\$0	\$0	\$0	
HB 278/SB 299	See entry for SB 299.							
HB 281	Mental Health – Incarcerated Individuals with Mental Illness (Ch. 595)							
	GF	Hlth. & Mental Hyg.	\$150,000	\$303,000	\$306,030	\$309,090	\$312,181	
HB 285	Criminal Law – Possession of Child Pornography – Penalty (Ch. 596)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 318	Higher Education – Edward T. Conroy Memorial Scholarship Program – Eligibility (Ch. 232)							
	GF	Higher Ed. Comm.	increase	increase	increase	increase	increase	Potential minimal scholarship costs.
HB 326	Maryland Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists Act – Revision (Ch. 391)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 331	Real Property – Electronic Recording Pilot Program (Ch. 234)							
	SF	Judiciary	increase	increase	\$0	\$0	\$0	Cost depends on number of courts in pilot program.
HB 359/SB 91	See entry for SB 91.							

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 390/SB 83	See entry for SB 83.							
HB 420	Vehicle Laws – Exceptional Milk Hauling Permit – Raw Liquid Milk (Ch. 404)							
	FF	Transportation	\$3,400	\$3,400	\$3,400	\$3,400	\$0	
HB 430	State Procurement Contracts – Living Wage (Ch. 284)							
	GF	Labor Lic. & Reg.	\$114,780	\$138,901	\$146,459	\$154,492	\$163,032	Increased procurement costs not reflected – moderate to minimal short-term increase; long-term effects could be significant.
HB 432	Law Enforcement Officers’ Pension System – Department of Public Safety and Correctional Services Internal Investigative Unit Investigators (Ch. 405)							
	GF	Public Sfty & Corr. Srvcs.	\$0	\$116,000	\$120,000	\$125,000	\$130,000	
HB 436/SB 522	See entry for SB 522.							
HB 449	Commercial Law – Consumer Protection – Vehicle Protection Products Act (Ch. 407)							
	GF	Attorney General’s Office	\$41,287	\$74,981	\$78,832	\$82,903	\$87,207	
HB 459	District Court – Citations (Ch. 605)							
	GF	Judiciary	\$248,000	\$0	\$0	\$0	\$0	
	SF	Transportation	\$45,000	\$0	\$0	\$0	\$0	

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 488	Environment – Statewide Electronics Recycling Program (Ch. 239)							
	GF	Comptroller	\$131,484	\$162,001	\$170,689	\$179,904	\$189,682	
	SF	Environment	\$500,000	\$750,000	\$555,000	\$560,000	\$465,000	SF revenues increase by same amount.
HB 494	Elevator Safety – Third-Party Qualified Elevator Inspectors (Ch. 408)							
	SF	Labor Lic. & Reg.	\$55,216	\$30,237	\$31,689	\$33,226	\$34,856	
HB 571/SB 519	See entry for SB 519.							
HB 572	Health Insurance – Personal Responsibility – Study (Ch. 613)							
	SF	Hlth. & Mental Hyg.	\$50,000	\$0	\$0	\$0	\$0	SF revenues increase by same amount.
HB 579	Health Insurance – Authorization of Additional Products and Small Group Administrative Discounts and Study (Ch. 243)							
	GF/FF	Hlth. & Mental Hyg.	decrease	decrease	decrease	decrease	decrease	Potential minimal Medicaid savings.
HB 580	Ground Rents – Registry of Properties Subject to Ground Leases (Ch. 290)							
	SF	Assessments & Tax.	\$193,087	\$125,648	\$128,701	\$72,933	\$76,355	
HB 598/SB 613	See entry for SB 613.							
HB 605/SB 611	See entry for SB 611.							
HB 611/SB 130	See entry for SB 130.							

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 713	Maryland Gang Prosecution Act of 2007 (Ch. 496)							
	GF	Attorney General's Office	\$396,348	\$575,515	\$609,643	\$635,081	\$661,909	\$454,696 included in FY 2008 budget.
HB 745	State-Owned Heavy Equipment and Heating Equipment – Biodiesel Fuel Requirement (Ch. 623)							
	GF	All or Multiple Agencies	\$0	\$70,572	\$71,278	\$71,991	\$72,711	
	SF	All or Multiple Agencies	\$0	\$23,524	\$23,759	\$23,997	\$24,237	
	FF	All or Multiple Agencies	\$0	\$23,524	\$23,759	\$23,997	\$24,237	
HB 773	Task Force on the Future for Growth and Development – Membership and Charge (Ch. 626)							
	GF	Planning, Office of	\$227,459	\$133,186	\$51,162	\$26,709	\$0	
HB 785	Cigarette Fire Safety Performance Standard and Firefighter Protection Act (Ch. 497)							
	GF	Comptroller	\$0	increase	increase	increase	increase	Potential minimal administrative costs.
	SF	Comptroller	\$0	\$1,500	\$0	\$0	\$1,500	SF revenues increase by same amount.
HB 786/SB 784	See entry for SB 784.							
HB 793	Sickle Cell Disease – Statewide Steering Committee on Services for Adults with Sickle Cell Disease (Ch. 435)							
	GF	Hlth. & Mental Hyg.	\$195,759	\$345,292	\$267,626	\$280,670	\$294,471	
HB 797	Study of Health Care Services for Children with Life-Threatening Medical Conditions (Ch. 81)							
	GF	Hlth. & Mental Hyg.	\$30,000	\$0	\$0	\$0	\$0	

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 800	Maryland Health Care Commission – Program Evaluation (Ch. 627)							
	GF	Hlth. & Mental Hyg.	(\$843,400)	(\$843,400)	(\$843,400)	(\$843,400)	(\$843,400)	\$843,400 contingent reduction included in FY 2008 budget.
	SF	Hlth. & Mental Hyg.	\$1,297,704	\$1,558,486	\$1,878,006	\$2,000,000	\$2,000,000	SF revenues increase by same amount.
HB 844	Health Services Cost Review Commission – Sunset Extension and Program Evaluation (Ch. 628)							
	GF	Hlth. & Mental Hyg.	(\$341,293)	(\$328,525)	(\$315,229)	(\$301,383)	(\$286,961)	\$406,600 contingent reduction in FY 2008 budget offset by increased Medicaid costs.
	SF	Hlth. & Mental Hyg.	\$725,632	\$867,503	\$1,015,234	\$1,169,083	\$1,329,319	SF revenues increase by same amount.
HB 847	Discount Medical Plan Organizations and Discount Drug Plan Organizations – Registration and Regulation (Ch. 629)							
	SF	Insur. Admin.	\$50,588	\$61,739	\$64,984	\$68,422	\$72,062	SF expenditures exceed revenues.
HB 850	Alcohol and Drug Abuse Administration – Needs Assessment (Ch. 82)							
	GF	Hlth. & Mental Hyg.	\$250,000	\$0	\$0	\$250,000	\$0	Included in FY 2008 budget.
HB 868	Maryland Transit Administration – Public Hearings (Ch. 630)							
	SF	Transportation	\$13,315	\$13,448	\$13,582	\$13,718	\$13,855	
HB 876/SB 606	See entry for SB 606.							
HB 893	Bay Restoration Fund – Wastewater Treatment Facilities Upgrades – Reporting Requirements (Ch. 257)							
	GF	Planning, Office of	\$75,652	\$78,901	\$82,398	\$86,097	\$90,012	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 930/SB 413	See entry for SB 413.							
HB 962	Teachers' Retirement System and Teachers' Pension System – Reemployment of Retirees (Ch. 443)							
	GF	All or Multiple Agencies	\$0	\$65,000	\$136,600	\$213,100	\$295,500	
HB 970	Rosewood Center – Plan for Services to Residents (Ch. 445)							
	GF	Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant deinstitutionalization costs.
	FF	Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant Medicaid costs.
HB 971	State Personnel – Collective Bargaining – Use of Employee Information (Ch. 634)							
	HE	Baltimore City Community College	increase	increase	increase	increase	increase	Minimal data processing and notification expenditures. Costs could be recouped through fees.
	HE	Morgan St. Univ.	increase	increase	increase	increase	increase	Minimal data processing and notification expenditures. Costs could be recouped through fees.
	HE	St. Mary's College	increase	increase	increase	increase	increase	Minimal data processing and notification expenditures. Costs could be recouped through fees.
	HE	Univ. Sys. of MD	increase	increase	increase	increase	increase	Minimal data processing and notification expenditures. Costs could be recouped through fees.

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 979	Health Information Exchange Pilot Project (Ch. 262)							
	GF/FF	Hlth. & Mental Hyg.	increase	increase	increase	increase	increase	Potential significant Medicaid costs.
HB 1004	Maryland Medbank Program – Funding (Ch. 636)							
	SF	Insur. Admin.	\$425,000	\$0	\$0	\$0	\$0	
HB 1006	Workers’ Compensation – Benefits – Cost of Living Adjustment (Ch. 446)							
	GF	All or Multiple Agencies	\$7,784	\$15,569	\$23,355	\$31,139	\$38,924	
	SF	All or Multiple Agencies	\$2,595	\$5,190	\$7,784	\$10,379	\$12,974	
	FF	All or Multiple Agencies	\$2,595	\$5,190	\$7,784	\$10,379	\$12,974	
HB 1016/SB 595	See entry for SB 595.							
HB 1017	Baltimore City and Prince George’s County – Parent-Teacher Association Matching Fund Pilot Program (Ch. 637)							
	GF	Education	\$27,465	\$230,015	\$231,348	\$200,000	\$0	
HB 1030/SB 759	See entry for SB 759.							
HB 1036	Identity Fraud – Inducing Another to Provide Identifying Information – Prohibited (Ch. 447)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1046	Public Health – Self-Mutilation – Awareness, Training, and Distribution of Materials (Ch. 450)							
	GF	Education	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1056/SB 268	See entry for SB 268.							
HB 1057	Health Insurance – Family Coverage Expansion Act (Ch. 639)							
	GF	All or Multiple Agencies	\$0	\$2,575,820	\$2,807,644	\$3,060,332	\$3,335,762	
	SF	All or Multiple Agencies	\$0	\$858,607	\$935,881	\$1,020,111	\$1,111,921	
	FF	All or Multiple Agencies	\$0	\$858,607	\$935,881	\$1,020,111	\$1,111,921	
HB 1109	District Court – Civil Jurisdiction – Amount in Controversy (Ch. 84)							
	GF	Judiciary	indet.	indet.	indet.	indet.	indet.	Increase in District Court workload. Decrease in circuit court workload. Unclear whether new staff is required.
HB 1114	Anne Arundel County – Board of Education – Appointment Process (Ch. 454)							
	GF	Election Board, State	\$0	\$75,000	\$0	\$0	\$0	
HB 1116	Academic Facilities Bonding Authority (Ch. 489)							
	BOND	Univ. Sys. of MD	\$30,000,000	\$0	\$0	\$0	\$0	Included in the FY 2008 budget. Bond revenues increase by same amount.
	HE	Univ. Sys. of MD	\$0	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000	
HB 1143	Income Tax Withholding – Nonresident Contractors (Ch. 640)							
	GF	Comptroller	(\$143,307)	(\$144,139)	(\$147,586)	(\$157,883)	(\$165,641)	

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1177/SB 937	See entry for SB 937.							
HB 1180	Unemployment Insurance – Schedule of Benefits (Ch. 298)							
	NB	Labor Lic. & Reg.	\$21,921,090	\$29,494,740	\$29,908,719	\$30,355,878	\$30,777,745	Unemployment Insurance Trust Fund.
HB 1189	Transportation – Maryland Senior Rides Program – Grant Limitations (Ch. 268)							
	SF	Transportation	increase	increase	increase	increase	increase	Potential grant increases due to removal of cap.
HB 1194/SB 214	See entry for SB 214.							
HB 1207	Criminal Law – Sexual Contact with Inmates in Correctional and Juvenile Facilities (Ch. 458)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Minimal incarceration costs.
HB 1226	Children with Disabilities – Voluntary Placement Agreements (Ch. 461)							
	GF	Hlth. & Mental Hyg.	\$40,636	\$56,349	\$58,602	\$60,947	\$63,384	
	GF	Human Resources	\$30,378	\$41,247	\$43,005	\$44,861	\$46,823	
	FF	Hlth. & Mental Hyg.	\$15,803	\$21,913	\$22,790	\$23,701	\$24,650	
HB 1257/SB 945	See entry for SB 945.							
HB 1270/SB 987	See entry for SB 987.							
HB 1284/SB 883	See entry for SB 883.							

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1288	State Real Estate Commission – Sales Agents for Home Builders – Licensure (Ch. 274)							
	SF	Labor Lic. & Reg.	increase	increase	increase	increase	increase	Potential licensing costs. Potential SF license fee revenues of similar amount.
HB 1291	Solid Waste Regulation – Criminal Penalties (Ch. 468)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1313	Department of Health and Mental Hygiene – Maryland Medical Assistance Program – Information from and Liability of Health Insurance Carriers (Ch. 646)							
	GF/FF	Hlth. & Mental Hyg.	decrease	decrease	decrease	decrease	decrease	Potential significant Medicaid reduction.
HB 1325	Juvenile Law – Truancy Reduction Pilot Programs (Ch. 648)							
	GF	Judiciary	\$514,712	\$686,008	\$0	\$0	\$0	Judiciary expenses in addition to \$105,320 included in FY 2008 budget.
	GF	Public Defender	increase	increase	\$0	\$0	\$0	Potential increase in workload for the Public Defender.
HB 1344	Frederick County Commissioners – Zoning and Planning – Public Ethics (Ch. 474)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.
HB 1347	Public Service Company Franchise Tax – Returns and Collection (Ch. 475)							
	GF	Public Sfty & Corr. Srvcs.	increase	increase	increase	increase	increase	Potential minimal incarceration costs.

Legislation Affecting State Expenditures

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	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1372	Student Health – Inhalant Abuse – Awareness, Training, and Distribution of Materials (Mackenzie’s Law) (Ch. 478)							
	GF	Education	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
HB 1389	Agriculture – Crop Insurance Premium Program – Cost Share (Ch. 479)							
	GF	Agriculture	indet.	indet.	indet.	indet.	indet.	Potential increase/decrease for cost share payments.
HB 1406	State Retirement and Pension System – Military Service that Interrupts State Service – Calculation (Ch. 480)							
	GF	All or Multiple Agencies	\$0	\$17,160	\$17,846	\$18,560	\$19,302	
	SF	All or Multiple Agencies	\$0	\$4,420	\$4,597	\$4,781	\$4,972	
	FF	All or Multiple Agencies	\$0	\$4,420	\$4,597	\$4,781	\$4,972	
HB 1421	Baltimore City Community College – English for Speakers of Other Languages Grant (Ch. 106)							
	GF	Baltimore City Community College	\$94,432	\$118,128	\$142,768	\$168,392	\$195,032	
HB 1424	Maryland Military Department Center for Military History (Ch. 482)							
	GF	Military Dept.	increase	increase	increase	increase	increase	Potential minimal workers’ compensation payment costs.
HB 1425	Insurance Producers – Use of Trade Name (Ch. 109)							
	SF	Insur. Admin.	(\$600)	(\$800)	(\$800)	(\$800)	(\$800)	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting State Expenditures

	<u>Fund Type</u>	<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Comments</u>
HB 1427	Family Law – Child Support – Collection Fee (Ch. 483)							
	GF	Human Resources	\$155,382	\$10,415	\$0	\$0	\$0	
	FF	Human Resources	\$315,473	\$19,443	\$0	\$0	\$0	
HB 1429	Reforestation – Replacing Trees Destroyed by Pest Treatments (Ch. 282)							
	SF	Natural Resources	\$230,000	increase	increase	increase	increase	Potential additional expenditure increases in FY 2008 and future years for tree replacement.

Expenditures by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Aging						
	GF	\$29,775	\$40,097	\$10,125	\$0	\$0
All or Multiple Agencies						
	GF	\$7,784	\$168,301	\$303,079	\$435,790	\$591,437
	SF	\$2,595	\$33,134	\$36,140	\$39,157	\$42,183
	FF	\$2,595	\$33,134	\$36,140	\$39,157	\$42,183
Assessments & Taxation						
	GF	\$599,186	\$681,151	\$703,468	\$688,589	\$713,591
	SF	\$193,087	\$125,648	\$128,701	\$72,933	\$76,355
Attorney General's Office						
	GF	\$569,482	\$821,092	\$867,413	\$905,728	\$946,158
Baltimore City Community College						
	GF	\$94,432	\$118,128	\$142,768	\$168,392	\$195,032
Budget & Management						
	GF	\$410,670	\$2,911,566	\$3,160,382	\$3,431,007	\$3,725,379
	SF	\$0	\$858,607	\$935,881	\$1,020,111	\$1,111,921
	FF	\$0	\$858,607	\$935,881	\$1,020,111	\$1,111,921

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Comptroller						
	GF	\$22,177	\$17,862	\$23,103	\$22,021	\$24,041
	SF	\$0	\$1,500	\$0	\$0	\$1,500
Debt Service						
	GF	\$0	\$30,834	\$30,834	\$30,834	\$30,834
	SF	\$0	\$460,166	\$460,166	\$460,166	\$460,166
Education						
	GF	\$635,190	\$745,183	\$857,368	\$912,029	\$764,876
	SF	\$12,500	\$54,167	\$108,333	\$150,000	\$175,000
Election Board						
	GF	\$0	\$14,627,515	\$3,178,159	\$950,187	\$393,957
Energy Administration						
	GF	\$32,038	\$40,805	\$42,693	\$44,686	\$46,793
Environment						
	GF	\$229,941	\$155,146	\$64,477	\$67,755	\$71,228
	SF	\$514,798	\$769,927	\$575,127	\$580,328	\$485,531
Governor's Office for Children						
	GF	\$320,284	\$421,026	\$440,907	\$461,888	\$484,037

Effect of the 2007 Legislative Program on the Financial Condition of the State

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Health & Mental Hygiene						
	GF	\$1,469,464	\$1,686,016	\$1,243,339	\$1,527,905	\$137,899
	SF	\$18,245,166	\$24,873,019	\$26,351,051	\$27,683,250	\$28,947,474
	FF	\$15,974,303	\$22,257,423	\$23,258,898	\$24,305,434	\$25,399,061
Housing & Community Development						
	SF	\$24,415	\$21,539	\$0	\$0	\$0
Human Resources						
	GF	\$375,283	\$52,061	\$43,408	\$45,268	\$47,234
	FF	\$683,370	\$20,218	\$783	\$791	\$799
Insurance Administration						
	SF	\$474,988	\$60,939	\$64,184	\$67,622	\$71,262
Judiciary						
	GF	\$762,712	\$686,008	\$0	\$0	\$0
Juvenile Services						
	GF	\$457,093	\$556,134	\$582,842	\$611,023	\$640,766
Labor, Licensing, & Regulation						
	GF	\$145,817	\$192,406	\$202,796	\$215,834	\$225,564
	SF	\$55,216	\$30,237	\$31,689	\$33,226	\$34,856
	NB	\$21,921,090	\$29,494,740	\$29,908,719	\$30,355,878	\$30,777,745

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Legislative Services						
	GF	\$20,000	\$0	\$0	\$0	\$0
Military Department						
	FF	\$0	\$57,000	\$59,280	\$61,651	\$64,117
Natural Resources						
	GF	\$82,840	\$57,918	\$57,998	\$58,158	\$58,240
	SF	\$230,000	\$0	\$0	\$0	\$0
Planning						
	GF	\$303,111	\$25,212,087	\$25,133,560	\$112,806	\$90,012
	SF	\$0	\$216,344	\$228,023	\$0	\$0
Public Defender						
	GF	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Public Safety & Correctional Services						
	GF	\$377,554	\$562,857	\$573,597	\$604,349	\$636,754
School Construction						
	GF	(\$5,500,000)	\$0	\$0	\$0	\$0
	BOND	\$11,126,000	\$0	\$0	\$0	\$0

Effect of the 2007 Legislative Program on the Financial Condition of the State

Expenditures by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
State Police						
	GF	\$0	\$235,800	\$238,050	\$240,450	\$242,850
	FF	\$0	\$0	\$0	\$0	\$4,500
Transportation						
	SF	\$58,179	\$13,266	\$13,400	\$163,536	\$163,673
	FF	\$3,400	\$3,400	\$3,400	\$3,400	\$0
University System of Maryland						
	GF	\$225,000	\$300,000	\$300,000	\$300,000	\$300,000
	HE	\$0	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000
	BOND	\$30,000,000	\$0	\$0	\$0	\$0

Totals by Fund Type/Summary of Quantifiable Expenditure Effects

<u>Fund Type</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
GF	\$1,724,833 ¹	\$50,374,993	\$38,255,366	\$11,889,699	\$10,421,682
SF	\$19,810,944 ²	\$27,518,493	\$28,932,695	\$30,270,329	\$31,569,921
FF	\$16,663,668 ³	\$23,229,782	\$24,294,382	\$25,430,544	\$26,622,581
BOND	\$41,126,000 ⁴	\$0	\$0	\$0	\$0

¹\$7,618,472 is not included in the FY 2008 budget.

²\$4,451,126 is not included in the FY 2008 budget.

³\$1,757,418 is not included in the FY 2008 budget.

⁴\$11,126,000 is not included in the FY 2008 budget.

Regular Positions Needed by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2009</u>	<u>Beginning in FY 2009</u>
Assessments & Taxation			
	GF	8.0	0
	SF	1.0	0
Attorney General's Office			
	GF	8.0	0
Budget & Management			
	GF	4.0	0
Comptroller			
	GF	1.25	0
Education			
	GF	3.0	0
Energy Administration			
	GF	0.5	0
Environment			
	GF	1.0	0
	SF	1.0	0
Health & Mental Hygiene			
	GF	7.5	0
	SF	1.0	0

Regular Positions Needed by Agency (cont'd)

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2008</u>	<u>Beginning in FY 2009</u>
Human Resources			
	GF	0.5	0
Insurance Administration			
	SF	1.0	0
Judiciary			
	GF	3.0	0
Juvenile Services			
	GF	8.0	0
Labor, Licensing, & Regulation			
	GF	1.0	0
	SF	0.5	0
Planning			
	GF	1.0	0
Public Safety & Correctional Services			
	GF	10.0	0
Total		61.25	0

Contractual Positions Needed by Agency

<u>Agency</u>	<u>Fund Type</u>	<u>Beginning in FY 2008</u>	<u>Beginning in FY 2009</u>
Budget & Management			
	GF	1.0	0
Education			
	GF	1.5	0
Environment			
	GF	2.0	0
Health & Mental Hygiene			
	GF	35.5	0.5
Housing & Community Development			
	SF	0.5	0
Planning			
	GF	5.0	0
Public Safety & Correctional Services			
	GF	1.0	0
Total		46.5	0.5

Chapter Four – Local Government

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

State Aid to Local Governments

Overview

State aid to local governments will total \$6.5 billion in fiscal 2008, representing a 12.5 percent or \$720.6 million increase over the prior year. This will be the fourth consecutive year of sizable increases in State support for local governments. Mandatory State aid programs are fully funded, and public school construction projects once again receive a significant influx of new State funds. Legislation was also enacted to enhance municipal funding under the police aid formula beginning in fiscal 2009.

Record Increases in State Aid to Local Governments

Local governments continue to receive record increases in State support. Since fiscal 2002, State aid to local governments has increased at an average annual rate of 9.0 percent. Over the six-year period, State aid for public schools increased by \$2.3 billion, a 10.2 percent average annual increase; State aid for county and municipal governments increased by \$232.3 million, a 4.8 percent average annual increase. State aid continues to be one of the largest and fastest growing components of the State budget. In fiscal 2008, State aid will account for 40.5 percent of general fund expenditures and 29.8 percent of State-funded expenditures. **Exhibit 4.1** shows the annual increase in State aid over the last six years.

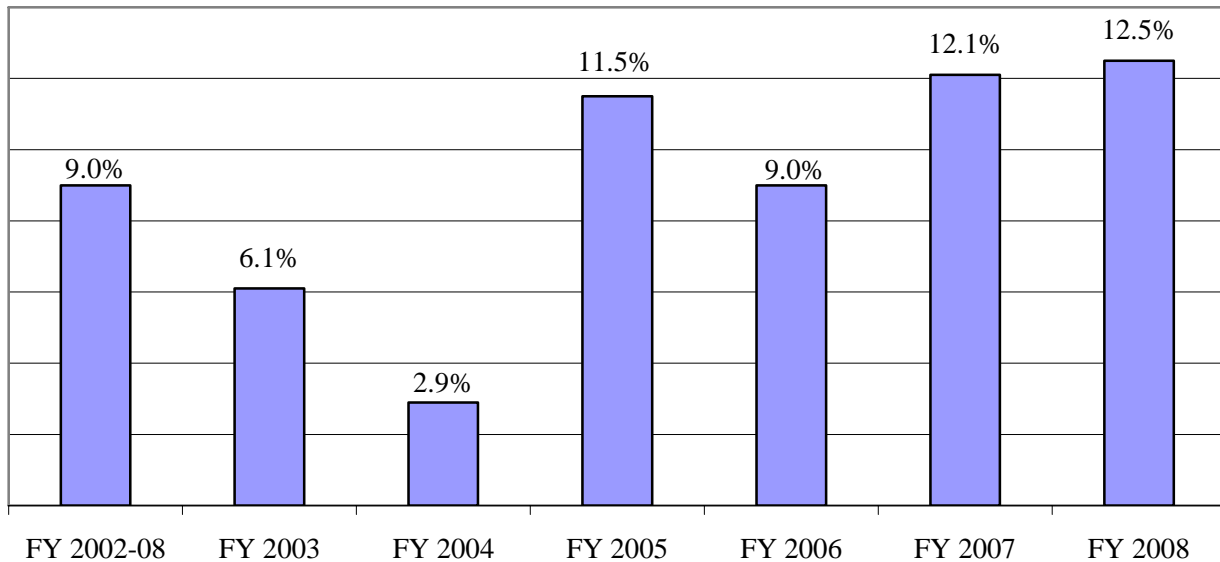
Public Schools Receive the Largest Increase in State Aid

Most State aid to local governments (79.7 percent) goes to support local school systems with counties and municipalities receiving 14.5 percent of the aid. Public schools will receive \$5.2 billion in fiscal 2008 – a \$692.2 million, or 15.5 percent increase over the prior year. Counties and municipalities will receive \$943.5 million – an \$18.5 million, or 1.9 percent decrease over the prior year. The remaining 6 percent of State aid is distributed to local libraries, community colleges, and local health departments, which will receive an additional \$46.9 million in aid. **Exhibit 4.2** shows the increase in State aid in fiscal 2008 by governmental entity.

Local Government Revenues Remain Positive

At the same time as local governments have benefited from sizeable increases in State aid, the growth in the county assessable base has soared. The average annual growth statewide has increased from 5.4 percent in fiscal 2003 to 15.7 percent in fiscal 2007. According to projections by the State Department of Assessments and Taxation, growth in the county assessable base should remain strong in the near future. The average annual growth statewide is projected to reach 15.8 percent in fiscal 2008 and 12.9 percent in fiscal 2009. Local governments have also benefited from the recent rise in net taxable income. After two years of declining income levels (2001 and 2002), net taxable income began to increase – 4.1 percent in tax year 2003, 8.4 percent in tax year 2004, and 6.0 percent in tax year 2005.

Exhibit 4.1
Annual Growth in State Aid to Local Governments



Source: Department of Legislative Services

Exhibit 4.2
State Aid to Local Governments in Fiscal 2007 and 2008
(\$ in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$4,478.1	\$5,170.3	\$692.2	15.5%
Libraries	55.4	61.6	6.2	11.2%
Community Colleges	205.9	243.7	37.8	18.4%
Health	63.7	66.6	2.9	4.5%
County/Municipal	962.0	943.5	-18.5	-1.9%
Total	\$5,765.1	\$6,485.8	\$720.6	12.5%

Source: Department of Legislative Services

Reliance on State Aid

State aid is the largest revenue source for most county governments in Maryland, accounting for 26.5 percent of total county revenues. In five counties (Anne Arundel, Baltimore, Queen Anne's, Talbot, and Worcester), State aid is the second largest revenue source after property taxes. In Howard and Montgomery counties, State aid is the third largest revenue source after both property and income taxes. Dependence on State aid varies. Less affluent jurisdictions rely on State aid as their primary revenue source while more affluent jurisdictions rely more heavily on local property and income taxes. For example, State aid accounts for 16.0 percent of total revenues in Montgomery County but 50.0 percent in Caroline County. This difference is due to the fact that 65.0 percent of State aid is distributed inversely to local wealth. Utilizing local wealth measures to distribute State aid attempts to offset the inequalities in the revenue capacity among local jurisdictions.

State aid is the third largest revenue source for municipalities, representing 8.5 percent of total revenues. As with counties, the reliance on State aid varies for municipalities, ranging from 2.1 percent of total revenues for municipalities in Talbot County to 27.9 percent for municipalities in Garrett and Kent counties. State aid to municipalities is targeted primarily to highway maintenance, police and fire services, and parks and recreation. Municipalities receive approximately 70.0 percent of their State aid through four programs: highway user revenues, police and fire aid formulas, and Program Open Space.

Changes by Program

The increase in State aid in fiscal 2008 ranges from 2.1 percent in Talbot County to 18.4 percent in Washington County. The increase in 18 counties will exceed 10.0 percent. **Exhibit 4.3** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. **Exhibit 4.4** compares total State aid in fiscal 2007 and 2008 by program.

Exhibit 4.3
State Assistance to Local Governments
Fiscal 2008 Legislative Appropriation
(\$ in Thousands)

Effect of the 2007 Legislative Program on the Financial Condition of the State

County	<i>Direct State Aid</i>						Retirement	Change		
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		Total	Over FY 2007	Percent Change
Allegany	\$16,891	\$6,052	\$83,139	\$764	\$1,615	\$108,461	\$7,284	\$115,745	\$14,584	14.4%
Anne Arundel	60,245	28,846	266,276	1,941	5,613	362,921	48,128	411,048	38,915	10.5%
Baltimore City	339,038	0	832,650	6,594	11,888	1,190,171	56,943	1,247,114	111,012	9.8%
Baltimore	69,881	38,904	510,110	5,222	7,700	631,817	73,826	705,643	83,543	13.4%
Calvert	15,050	2,007	83,878	423	665	102,024	12,097	114,120	12,898	12.7%
Caroline	8,274	1,343	41,788	267	956	52,628	3,570	56,197	5,588	11.0%
Carroll	19,250	7,320	141,125	981	2,196	170,872	18,311	189,183	19,837	11.7%
Cecil	10,720	5,142	97,132	695	1,440	115,130	10,680	125,810	13,916	12.4%
Charles	16,959	7,324	144,682	839	1,777	171,581	16,437	188,017	20,273	12.1%
Dorchester	9,240	1,030	29,900	245	762	41,178	3,130	44,308	5,430	14.0%
Frederick	25,111	8,178	197,135	1,105	2,698	234,227	25,115	259,341	35,119	15.7%
Garrett	9,707	3,061	25,264	160	776	38,968	3,282	42,250	2,493	6.3%
Harford	24,770	10,211	207,067	1,544	3,100	246,692	25,771	272,464	26,827	10.9%
Howard	27,430	13,032	183,356	754	2,176	226,748	40,083	266,831	35,235	15.2%
Kent	3,784	546	10,219	101	596	15,246	1,790	17,036	954	5.9%
Montgomery	82,397	40,174	396,519	2,597	5,417	527,104	122,674	649,779	81,846	14.4%
Prince George's	101,645	22,894	901,567	6,566	8,940	1,041,612	84,068	1,125,680	139,165	14.1%
Queen Anne's	7,366	1,597	29,576	126	744	39,408	4,774	44,183	4,193	10.5%
St. Mary's	10,474	2,221	88,744	626	1,444	103,509	10,475	113,984	12,288	12.1%
Somerset	8,874	728	23,880	265	760	34,506	2,062	36,568	2,964	8.8%
Talbot	6,221	1,466	10,282	100	585	18,655	3,001	21,656	453	2.1%
Washington	16,679	7,504	135,392	1,103	2,462	163,140	13,447	176,587	27,423	18.4%
Wicomico	12,193	4,586	104,131	770	1,688	123,369	9,941	133,309	16,478	14.1%
Worcester	9,574	1,880	16,950	137	560	29,101	5,502	34,603	1,624	4.9%
Unallocated	29,573	5,353	43,123	16,263	0	94,311	0	94,311	7,574	8.7%
Total	\$941,347	\$221,397	\$4,603,884	\$50,192	\$66,557	\$5,883,377	\$602,391	\$6,485,768	\$720,632	12.5%

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

State Assistance to Local Governments
Dollar Difference Between Fiscal 2008 Legislative Appropriation and Fiscal 2007 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	-\$788	\$794	\$12,874	\$67	\$87	\$13,035	\$1,550	\$14,584
Anne Arundel	-4,452	4,438	28,244	97	244	28,572	10,342	38,915
Baltimore City	7,404	0	90,567	534	509	99,014	11,998	111,012
Baltimore	-4,862	4,823	67,084	538	302	67,885	15,659	83,543
Calvert	-363	304	10,314	37	23	10,315	2,583	12,898
Caroline	-67	165	4,653	26	54	4,831	757	5,588
Carroll	-886	1,118	15,506	95	107	15,940	3,898	19,837
Cecil	-406	852	11,030	81	70	11,626	2,290	13,916
Charles	-647	1,090	16,132	75	83	16,732	3,541	20,273
Dorchester	496	127	4,072	31	41	4,767	664	5,430
Frederick	-913	1,574	28,895	92	129	29,777	5,342	35,119
Garrett	-395	344	1,805	1	43	1,798	695	2,493
Harford	-1,362	1,454	20,926	160	147	21,326	5,501	26,827
Howard	-2,127	2,112	26,543	61	86	26,676	8,559	35,235
Kent	-135	67	596	12	34	574	380	954
Montgomery	-6,883	7,217	55,381	201	162	56,077	25,769	81,846
Prince George's	-2,108	3,081	119,721	517	349	121,560	17,605	139,165
Queen Anne's	-170	196	3,118	0	38	3,182	1,011	4,193
St. Mary's	-402	274	10,047	56	73	10,048	2,240	12,288
Somerset	-137	107	2,499	14	42	2,524	440	2,964
Talbot	-272	180	-129	9	30	-183	636	453
Washington	-640	1,310	23,635	110	127	24,541	2,882	27,423
Wicomico	-391	673	13,897	87	87	14,352	2,126	16,478
Worcester	-609	276	750	9	23	449	1,175	1,624
Unallocated	2,264	530	3,738	1,043	0	7,574	0	7,574
Total	-\$18,850	\$33,104	\$571,897	\$3,952	\$2,889	\$592,993	\$127,640	\$720,632

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

State Assistance to Local Governments
Percent Change: Fiscal 2008 Legislative Appropriation over Fiscal 2007 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	-4.5%	15.1%	18.3%	9.6%	5.7%	13.7%	27.0%	14.4%
Anne Arundel	-6.9%	18.2%	11.9%	5.3%	4.5%	8.5%	27.4%	10.5%
Baltimore City	2.2%	n/a	12.2%	8.8%	4.5%	9.1%	26.7%	9.8%
Baltimore	-6.5%	14.2%	15.1%	11.5%	4.1%	12.0%	26.9%	13.4%
Calvert	-2.4%	17.8%	14.0%	9.5%	3.6%	11.2%	27.2%	12.7%
Caroline	-0.8%	14.0%	12.5%	10.9%	6.0%	10.1%	26.9%	11.0%
Carroll	-4.4%	18.0%	12.3%	10.7%	5.1%	10.3%	27.0%	11.7%
Cecil	-3.7%	19.8%	12.8%	13.1%	5.1%	11.2%	27.3%	12.4%
Charles	-3.7%	17.5%	12.5%	9.8%	4.9%	10.8%	27.5%	12.1%
Dorchester	5.7%	14.0%	15.8%	14.3%	5.7%	13.1%	26.9%	14.0%
Frederick	-3.5%	23.8%	17.2%	9.1%	5.0%	14.6%	27.0%	15.7%
Garrett	-3.9%	12.6%	7.7%	0.9%	5.9%	4.8%	26.8%	6.3%
Harford	-5.2%	16.6%	11.2%	11.6%	5.0%	9.5%	27.1%	10.9%
Howard	-7.2%	19.3%	16.9%	8.8%	4.1%	13.3%	27.1%	15.2%
Kent	-3.5%	14.0%	6.2%	13.0%	6.1%	3.9%	26.9%	5.9%
Montgomery	-7.7%	21.9%	16.2%	8.4%	3.1%	11.9%	26.6%	14.4%
Prince George's	-2.0%	15.5%	15.3%	8.6%	4.1%	13.2%	26.5%	14.1%
Queen Anne's	-2.3%	14.0%	11.8%	-0.2%	5.4%	8.8%	26.8%	10.5%
St. Mary's	-3.7%	14.0%	12.8%	9.8%	5.3%	10.8%	27.2%	12.1%
Somerset	-1.5%	17.2%	11.7%	5.5%	5.8%	7.9%	27.1%	8.8%
Talbot	-4.2%	14.0%	-1.2%	9.7%	5.3%	-1.0%	26.9%	2.1%
Washington	-3.7%	21.1%	21.1%	11.1%	5.4%	17.7%	27.3%	18.4%
Wicomico	-3.1%	17.2%	15.4%	12.7%	5.4%	13.2%	27.2%	14.1%
Worcester	-6.0%	17.2%	4.6%	7.2%	4.3%	1.6%	27.2%	4.9%
Unallocated	8.3%	11.0%	9.5%	6.9%	n/a	8.7%	n/a	8.7%
Total	-2.0%	17.6%	14.2%	8.5%	4.5%	11.2%	26.9%	12.5%

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

<u>Program</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Difference</u>
Foundation Aid	\$2,493,221,110	\$2,782,717,320	\$289,496,210
Compensatory Education	726,652,649	902,528,432	175,875,783
Student Transportation – Regular	179,393,978	194,387,786	14,993,808
Student Transportation – Special Education	22,683,600	24,636,000	1,952,400
Special Education – Formula	231,835,480	280,253,560	48,418,080
Special Education – Nonpublic Placements	116,485,734	125,162,838	8,677,104
Special Education – Infants and Toddlers	5,810,781	5,810,781	0
Limited English Proficiency Grants	88,834,043	126,174,693	37,340,650
Extended Elementary	19,262,500	0	-19,262,500
Aging Schools	15,148,000	12,508,986	-2,639,014
Teacher Development/Mentoring Programs	7,550,000	6,870,000	-680,000
Adult Education	5,433,622	6,933,622	1,500,000
Food Service	7,468,664	7,468,664	0
Gifted and Talented Grants	534,829	534,829	0
Out-of-county Placements	6,763,674	6,000,000	-763,674
Head Start	3,000,000	3,000,000	0
School Reconstitution	11,779,600	11,779,600	0
Judy Hoyer Centers	10,575,000	10,575,000	0
Guaranteed Tax Base	60,498,363	78,889,864	18,391,501
Other Programs	19,054,699	17,651,656	-1,403,043
Total Primary and Secondary Education	\$4,031,986,326	\$4,603,883,631	\$571,897,305
Library Formula	31,019,681	33,929,179	2,909,498
Library Network	15,219,970	16,262,596	1,042,626
Total Libraries	\$46,239,651	\$50,191,775	\$3,952,124
Community College Formula	164,829,605	196,454,853	31,625,248
Grants for ESOL Programs	2,500,001	3,454,772	954,771
Optional Retirement	10,012,000	11,306,000	1,294,000
Small College Grant/Allegany and Garrett Grant	3,200,210	3,598,459	398,249
Statewide Programs	7,751,917	6,583,339	-1,168,578
Total Community Colleges	\$188,293,733	\$221,397,423	\$33,103,690

<u>Program</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Difference</u>
Highway User Revenue	555,697,986	566,782,240	11,084,254
Elderly and Handicapped Transportation Aid	4,315,789	4,315,789	0
Paratransit	2,806,000	2,806,000	0
Total Transportation	\$562,819,775	\$573,904,029	\$11,084,254
Police Aid	64,861,903	65,931,447	1,069,544
Fire and Rescue Aid	10,000,000	10,000,000	0
Vehicle Theft Prevention	2,037,578	2,325,000	287,422
9-1-1 Grants	13,550,000	13,550,000	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	955,500	955,500	0
Violent Crime Grants	4,841,858	4,841,858	0
Baltimore City State's Attorney Grant	1,985,000	1,985,000	0
Domestic Violence Grants	200,000	200,000	0
War Room/Sex Offenders Grants	1,554,982	1,579,982	25,000
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	50,000	50,000	0
Total Public Safety	\$107,149,321	\$108,531,287	\$1,381,966
Program Open Space	135,649,292	97,103,982	-38,545,310
Critical Area Grants	742,500	703,000	-39,500
Total Recreation/Environment	\$136,391,792	\$97,806,982	-\$38,584,810
Local Health Formula	\$63,667,950	\$66,557,283	\$2,889,333
Utility Property Tax Grant	\$30,615,201	\$30,615,201	\$0
Disparity Grant	\$109,450,399	\$114,783,852	\$5,333,453
Horse Racing Impact Aid	1,341,400	1,485,600	144,200
Payments in Lieu of Taxes	1,005,222	1,005,222	0
Security Interest Filing Fees	3,125,000	2,925,000	-200,000
Senior Citizens Activities Center	500,000	500,000	0
Statewide Voting Systems	7,798,513	9,789,817	1,991,304
Total Other Direct Aid	\$13,770,135	\$15,705,639	\$1,935,504
Total Direct Aid	\$5,290,384,283	\$5,883,377,102	\$592,992,819

<u>Program</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Difference</u>
Payments-in-behalf			
Retirement – Teachers	446,142,303	566,447,690	120,305,387
Retirement – Libraries	9,176,200	11,451,276	2,275,076
Retirement – Community Colleges	17,589,481	22,303,276	4,713,795
Retirement – Local Employees	1,843,023	2,188,309	345,286
Total Payments-in-behalf	\$474,751,007	\$602,390,551	\$127,639,544
Total State Assistance	\$5,765,135,290	\$6,485,767,653	\$720,632,363

Source: Department of Legislative Services

Primary and Secondary Education

State funding for public schools remains a high priority. Over the last six years, State funding for public schools has increased by almost \$2.3 billion, even though the State government was confronted with major fiscal challenges during most of this period. On a per pupil basis, State funding has increased from \$3,432 in fiscal 2002 to \$6,273 in fiscal 2008, an 82.7 percent increase. Moreover, local school systems will receive record increases in State funding in fiscal 2008, both for operating programs and school construction projects. In fiscal 2008, local school systems will receive \$5.2 billion in State funding – a \$692.2 million, or 15.5 percent increase. In addition, funding for public school construction projects will total around \$400 million. Over the last six years, State funding for public school construction has totaled almost \$1.4 billion. These increases represent the State's financial commitment to adequately fund public schools and to provide a quality educational program for all children throughout the State.

Foundation Program: The foundation program is the basic State education funding mechanism for public schools that ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. Less affluent school systems, as measured by assessable base and net taxable income, receive relatively more aid per pupil than wealthier school systems. State aid under the foundation program will total \$2.8 billion in fiscal 2008, representing a \$289.5 million, or 11.6 percent increase over the prior year. The per pupil foundation amount for fiscal 2008 is set at \$6,694, and the student enrollment count used for the program totals 823,732 students. Enrollment for the formula is based on the September 30, 2006, full-time equivalent student enrollment count. The State provides funding for roughly 50.0 percent of the program's cost.

Compensatory Education: The compensatory education program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97.0 percent of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced price meals. The State provides funding for 50.0 percent of the program's cost. State aid under the compensatory education program will total \$902.5 million in fiscal 2008, representing a \$175.9 million, or 24.2 percent increase over the prior year. The per pupil State funding amount for fiscal 2008 is set at \$3,247, and the student enrollment count used for the program totals 261,793.

Special Education: State aid for special education recognizes the additional costs associated with providing programs for students with disabilities. Most special education students receive services in the public schools; however, if an appropriate program is not available in the public schools, students may be placed in a private school offering more specialized services. The State and local school systems share the costs of these nonpublic placements. The special education formula is calculated based on 74.0 percent of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. The per pupil State funding amount for fiscal 2008 is set at \$2,477, and the student enrollment count used for the program totals 106,850. State funding for public special education programs will total \$280.3 million in fiscal 2008, representing a \$48.4 million, or 20.9 percent increase over the prior year. Funding for nonpublic placements is \$125.2 million in fiscal 2008, representing an \$8.7 million, or 7.4 percent increase over the prior year.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation; increases cannot exceed 8.0 percent or be less than 3.0 percent. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a \$1,000 per student grant for transporting disabled students. The fiscal 2008 budget includes \$194.4 million for regular transportation services and \$24.6 million for special transportation services. This represents a \$16.9 million, or 8.4 percent increase from the prior year.

Limited English Proficiency: The State provides grants based on non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99 percent of the annual per pupil foundation amount, with the State providing funding for 50 percent of the program's cost. The fiscal 2008 grant per LEP student is \$3,314. State funding for the program will total \$126.2 million in fiscal 2008, representing a \$37.3 million, or 42.0 percent increase over the prior year. The number of LEP students in Maryland totals 35,666 for the 2006-2007 school year.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80 percent of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in

the prior year. The grant equals the difference between actual and required spending per pupil, up to 20 percent of the per pupil foundation amount. The grants are phased in, beginning at 25 percent in fiscal 2005 and ending at 100 percent in fiscal 2008. Eleven local school systems will qualify for grants totaling \$78.9 million in fiscal 2008.

Aging Schools Program: The Aging Schools program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. State funding for the Aging Schools program will total \$12.5 million in fiscal 2008. This amount includes \$5.5 million through the sale of Qualified Zone Academy Bonds (QZABs) which are authorized under **Senate Bill 986/Chapter 585**. The legislation authorizes the Board of Public Works to issue \$11.1 million in interest-free QZABs and grant the proceeds to the Interagency Committee on School Construction to be used for the State's Aging Schools program.

A provision in the 2004 capital budget bill (Chapter 432) included General Assembly intent language to add fiscal 2006, 2007, and 2008 "hold harmless" funding to the statutory grant levels in order to lessen the impact of the reallocation recommended by task force and enacted in Chapters 306 and 307 of 2004. The special hold harmless grant totals \$564,000 in fiscal 2008. In addition, Chapter 252 of 2006 added an annual inflationary adjustment to the aging school program beginning in fiscal 2008. The inflationary adjustment amount totals \$448,000 in fiscal 2008.

Judy Hoyer and Head Start Programs: These programs provide financial support for the establishment of centers that provide full-day, comprehensive, early education programs, and family support services that will assist in preparing children to enter school ready to learn. This program also provides funding to support childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2008 State budget includes \$7.6 million for Judy Center grants, \$3.0 million for school readiness and program accreditation, and \$3.0 million for head start programs.

School Improvement Grants: Grants are provided to schools and local school systems that are low-performing in meeting adequate yearly progress targets. Schools and local school systems receiving grants may be categorized in three stages – in improvement, corrective action, or restructuring. State funding for school improvement grants will total \$11.8 million in fiscal 2008. The grants support technical assistance and professional development for school personnel to improve school performance.

Teacher Quality Incentives: The State provides salary enhancements for teachers obtaining national certification, a signing bonus for teachers graduating in the top of their class, and a stipend for teachers and other non-administrative certificated school employees working in low-performing schools. The fiscal 2008 State budget includes \$6.6 million for these teacher quality incentives; \$100,000 for the Governor's Teacher Excellence Award Program, which distributes awards to teachers for outstanding performance; and \$320,000 for teacher quality grants.

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. The fiscal 2008 State budget includes \$7.5 million for food and nutrition services.

Infants and Toddlers Program: This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children who are less than three years old. Eligible children include those who have developmental delays or disabilities. State funding for infants and toddlers programs will total \$5.8 million in fiscal 2008.

Adult Education: The State provides funding for adult education services through four programs: adult general education, external diploma program, literacy works grant, and adult education and literacy works. The State budget includes \$6.9 million for adult education programs in fiscal 2008, a \$1.5 million increase over the prior year. Chapter 380 of 2006 mandates the funding in fiscal 2008.

School-based Health Centers: The fiscal 2008 State budget includes \$2.9 million for school-based health centers, which provide primary medical care as well as social, mental health, and health education services for students and their families. The funding for these centers was transferred from the Subcabinet Fund to the Maryland State Department of Education in fiscal 2007.

Environmental Education: The fiscal 2008 State budget includes \$1.7 million for student participation in an outdoor education program that opened in August 2005 at North Bay in Cecil County. The program, which can serve 11,000 students per year, is structured as a four-night stay for sixth graders that provides an outdoor education experience aligned with the State curriculum.

Principal Development Program: Chapter 408 of 2005 established a statewide Principal Fellowship and Leadership Development Program, which provides incentive payments for distinguished principals to work in low-performing schools. Funding for this program increases from \$96,000 to \$160,000 in fiscal 2008.

Teachers' Retirement Payments: The State pays 100.0 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 5.0 percent and applying the contribution rate established by the retirement system's actuary. Teachers' retirement payments will total \$566.4 million in fiscal 2008, representing a 27.0 percent increase over the prior year due to an increase in the salary base and the retirement enhancement enacted by Chapter 110 of 2006.

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

Challenge Grants: The fiscal 2008 State budget does not fund Challenge grants, which were required in fiscal 2007 by the Budget Reconciliation and Financing Act of 2005. The legislation originally establishing the program terminates at the end of fiscal 2007, with funding totaling \$3.8 million in fiscal 2007.

Local Libraries

Local libraries receive over 20.0 percent of their funding from the State government. In fiscal 2008, State aid to local libraries will total \$61.6 million, representing a \$6.2 million, or 11.2 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 2008, the program is based on a \$14 per capita grant. Overall, the State provides 40.0 percent of the minimum program, and the counties provide 60.0 percent. However, the State/local share of the minimum program varies by county depending on local wealth. In fiscal 2008, State funding for the library program will total \$33.9 million, representing a \$2.9 million, or 9.4 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 \$10.4 million in State funding in fiscal 2008, which equals \$1.85 per State resident. In addition to the State center, regional resource centers serve Western Maryland (Hagerstown), Southern Maryland (Charlotte Hall), and the Eastern Shore (Salisbury). The regional centers will receive \$5.8 million in fiscal 2008, which equates to \$6.50 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 \$11.5 million in fiscal 2008, a \$2.3 million increase from the prior year.

Community Colleges

Local community colleges receive about 25.0 percent of their funding from the State government. In fiscal 2008, State aid to local community colleges will total \$243.7 million – a \$37.8 million, or 18.4 percent increase from the prior year. Baltimore City Community College, which is operated by the State, will receive a State appropriation of \$40.2 million in fiscal 2008. **Senator John A. Cade Funding Formula:** State funding under the formula will total \$196.5 million in fiscal 2008 – a \$31.6 million, or 19.2 percent increase from the prior year. The fiscal 2008 formula is based on a student enrollment count of 84,285 and a per student funding amount of \$2,331.

Special Programs: State funding will total \$3.0 million for the small college grants and \$0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total \$5.3 million. English as a Second Language program will receive \$3.5 million in fiscal 2008, a \$1.0 million increase over the prior year. The Innovative Partnership for Technology program will receive \$1.2 million in funding.

Retirement Payments: The State pays 100.0 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 \$22.3 million in fiscal 2008 – a \$4.7 million, or 26.8 percent increase. In addition, State funding for the optional retirement program will total \$11.3 million in fiscal 2008, representing a \$1.3 million, or 12.9 percent increase.

Local Health Departments

The State provides funds to support the delivery of public health services in each of Maryland's 24 jurisdictions. Support for this program is formula-driven, with increases based on inflation and population growth. State aid for local health departments will total \$66.6 million in fiscal 2008, representing a \$2.9 million, or 4.5 percent increase.

County and Municipal Governments

Approximately 14.5 percent of State aid goes to county and municipal governments. State funding for counties and municipalities will total \$943.5 million in fiscal 2008, representing an \$18.5 million, or 1.9 percent decrease over the prior year. State aid to county and municipal governments is targeted primarily to highway maintenance, police and fire services, and parks and recreation. The State also provides disparity grants to less affluent counties to address the differences in the abilities of counties to raise revenues from the local income tax.

Highway User Revenues: State funding for local transportation projects is fully funded in fiscal 2008. Local governments will receive \$566.8 million in local highway user revenues in fiscal 2008, representing an \$11.1 million increase from the prior year.

Other Transportation Aid: State funding for elderly/disabled transportation grants will remain at \$4.3 million in fiscal 2008, and funding for paratransit grants will remain at \$2.8 million.

Police Aid Formula: Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Budget Reconciliation and Financing Act of 2003 directs the Maryland State Police to recover 30.0 percent of the State crime laboratories costs relating to evidence-testing services from local jurisdictions. After the crime laboratory adjustment, police aid will total \$65.9 million in fiscal 2008, representing a \$1.1 million, or 1.6 percent increase from the prior year.

The General Assembly approved legislation, **Senate Bill 130/House Bill 611 Chapter 492/Chapter 493**, that alters the calculation of the State Aid for Police Protection Fund (police aid formula) by increasing State funding from \$1,800 to \$1,950 per full-time sworn police officer employed by each qualifying municipality beginning in fiscal 2009. State aid to municipalities is projected to increase by \$235,800 in fiscal 2009 and by \$242,900 in fiscal 2012. The municipal sworn police officer allocation was last changed by Chapter 444 of 1999, when it increased from \$1,200 to \$1,800 per officer. There are 1,556 full-time sworn police officers employed by qualifying municipalities for fiscal 2007; this number is used when calculating the municipal sworn officer allocation for fiscal 2008.

Public Safety Grants: State funding for targeted public safety grants will total \$14.7 million in fiscal 2008. These grants include violent crime grants for Baltimore City and Prince George's County, police foot patrol and community policing grants for Baltimore City, a drug enforcement grant for Prince George's County, S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, Baltimore City war room, sex offender and compliance enforcement, and the body armor grants. In addition, the Baltimore City State's Attorney Office will receive \$2.0 million in fiscal 2008 to assist in the prosecution of gun offenses and repeat violent offenders.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a non-lapsing dedicated fund that receives up to \$2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for this program will total \$2.3 million in fiscal 2008.

Fire, Rescue, and Ambulance Services: Formula grants are provided to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services for equipment and renovation projects, not operating costs. The program is funded

through the Maryland Emergency Medical System Operations Fund. The grant level is set at \$10.0 million in fiscal 2008.

9-1-1 Emergency Systems Grant: The State imposes a 25 cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties can only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems is estimated to remain at \$13.6 million in fiscal 2008.

Program Open Space Grants: Under Program Open Space (POS), the State provides grants to local governments for land acquisition and the development of parks and recreation facilities. The State property transfer tax funds POS and related programs. For several years, a portion of this funding was eliminated due to the State's fiscal situation. Between fiscal 2003 and 2006, over \$151 million in local Program Open Space funds were transferred to the State's general fund in order to help close significant budgetary shortfalls. Local governments will receive full funding of POS grants in both fiscal 2007 and 2008. Local POS grants will total \$134.1 million in fiscal 2007 and \$95.6 million in fiscal 2008. In addition, Baltimore City continues to receive a \$1.5 million special POS grant.

Disparity Grants: Disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which is the third largest revenue source for counties after State aid and property taxes. Counties with per capita local income tax revenues less than 75.0 percent of the State's average receive grants, assuming all counties impose a 2.54 percent local income tax rate. Aid received by a county equals the dollar amount necessary to raise the county's per capita income tax revenues to 75.0 percent of the State average. In fiscal 2008, Baltimore City and six counties (Allegany, Caroline, Dorchester, Garrett, Prince George's, and Somerset) qualify for disparity grants. The fiscal 2008 State budget includes \$114.8 million for disparity grants, a \$5.3 million increase from the prior year. The fiscal 2008 grant under the statute is based on population estimates for July 2005 and calendar 2005 local income tax revenues raised from a 2.54 percent local income tax rate.

Utility Property Tax Grant: Legislation restructuring Maryland's electric utility tax system was enacted in 1999 (Chapters 5 and 6 of 1999). Beginning with fiscal 2001, the legislation phases in over two years a 50 percent personal property tax exemption for machinery and equipment used to generate electricity for sale. To partially offset the revenue losses, the legislation provides \$30.6 million in grants to the 11 jurisdictions impacted by the exemption. The fiscal 2008 State budget includes full funding for these grants.

Local Voting Grants: State funding for local boards of elections will total \$7.8 million in fiscal 2007 and \$9.8 million in fiscal 2008.

State Assumed Functions in Baltimore City

The State assumption of functions or responsibilities performed by local governments is another aspect of State/local fiscal relationships. There was considerable activity in this area in

the 1970s when the State assumed the responsibility for several programs including the District Court, Medical Assistance, public assistance, and property assessments. During the 1990s, the State assumed several local government functions in Baltimore City to help reduce the city's fiscal pressures. These services included the local community college, city detention center, and the central booking facility. The cost for these assumed functions will total \$166.8 million in fiscal 2008 – a \$5.8 million or 3.6 percent increase from the prior year.

State Mandates on Local Governments

Six State mandates* were imposed on units of local government during the 2007 legislative session. The mandates involved condemnation actions, the homestead property tax credit, elections, transportation safety, stormwater management, and transfer taxes.

Summary of State Mandates	
Condemnation Actions	1
Homestead Property Tax Credit	1
Elections	1
Transportation Safety	1
Stormwater Management	1
Transfer Taxes	<u>1</u>
Total	6

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

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting All/Multiple Local Jurisdictions			
SB 91/HB 359	Clean Indoor Air Act of 2007 (Ch. 501/Ch. 502)	Grants of \$480,200 in FY 2008 only to 18 local health departments for staffing costs.	
SB 100/HB 921	Motor Vehicle Excise Tax – Active Duty Military Personnel Who Become Maryland Residents (Ch. 310/Ch. 311)	Potential minimal decrease in local highway user revenues.	
SB 130/HB 611	Public Safety – State Aid for Police Protection Fund – Municipal Sworn Officer Allocation (Ch. 492/Ch. 493)	Increase in State aid to municipalities of \$235,800 in FY 2009 and \$242,900 by FY 2012.	
SB 181/HB 30	Oral Health Safety Net Program (Ch. 527/Ch. 528)	Total grants of up to \$1 million annually awarded to local health departments.	
SB 214	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 535)	Minimal increase in fine revenues.	
SB 351	Forensic Laboratories – Standards and Oversight (Ch. 147)	Potential increase in federal grant revenues for local forensic laboratories.	
SB 419/HB 392	Income Tax – Subtraction Modification – Military Retirement Income for Commissioned Officers (Ch. 552/Ch. 553)	Decrease in local income tax revenues of \$74,200 in FY 2008 with losses increasing 1.5% annually thereafter.	
SB 486/HB 755	Property Tax Credit – Replacement Home Purchased After Acquisition of Dwelling for Public Use (Ch. 558/Ch. 559)	Potential minimal decrease in property tax revenues.	
SB 522/HB 436	Homestead Tax Credit – Eligibility Verification – Application (Ch. 564/Ch. 565)	Potential significant increase in property tax revenues.	

Legislation Affecting Local Government Revenues

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<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 534/HB 880	Senior Citizen Activities Centers – Capital Improvement Grants Program – Maximum Grant Amount (Ch. 37/Ch. 38)	Potential maximum grant of \$800,000 instead of prior \$600,000 maximum grant.	
SB 606	Human Trafficking, Extortion, and Involuntary Servitude (Ch. 340)	Potential minimal increase in fine revenues.	
SB 613	Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 566)	Minimal decrease in local highway user revenues in FY 2009 and 2010.	
SB 625/HB 345	Workers' Compensation Commission – Government Self-Insurance Groups – Investment (Ch. 41/Ch. 42)	Potential significant increase/decrease in investment revenues.	
SB 705/HB 327	Property Tax – Credit for Property Used as a Publicly Sponsored Business Incubator (Ch. 572/Ch. 573)	Decrease in property tax revenues of \$2.0 million in FY 2008 and \$2.7 million by FY 2012.	
SB 711	Education – “Share the State Fair!” Program (Ch. 49)	Increase in State aid of up to \$1,000 per local school system.	
SB 851	Physicians – Unauthorized Practice of Medicine – Penalty (Ch. 359)	Potential minimal fine revenues.	
SB 945/HB 1257	Income Tax – Captive Real Estate Investment Trusts (Ch. 583/Ch. 584)	Increase in local highway user revenues of \$720,000 in FY 2008, \$957,600 in FY 2009, and \$720,000 annually thereafter.	
SB 962	Agricultural Ownership Entities – Homestead Tax Credit (Ch. 208)	Potential decrease in property tax revenues.	
SB 986	Creation of a State Debt – Aging School Program – Qualified Zone Academy Bonds (Ch. 585)	Increase in State aid of up to \$5.6 million for local school systems.	

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Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 1017	Crimes – Tobacco Paraphernalia – Distribution to Minors (Ch. 218)	Potential minimal increase in fine revenues.	
SB 1033	Tax Credits for Individuals Facing Employment Barriers – Sunset Extension (Ch. 370)	Decrease in local highway user revenues of \$21,000 in FY 2008, \$29,700 in FY 2009, and \$7,600 in FY 2010.	
HB 30/SB 181	See entry for SB 181.		
HB 231	Recordation Tax – Exemption for Transfers from a Government or Public Agency (Ch. 384)	Potential minimal decrease in county recordation tax revenues.	
HB 285	Criminal Law – Possession of Child Pornography – Penalty (Ch. 596)	Potential minimal increase in fine revenues.	
HB 326	Maryland Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists Act – Revision (Ch. 391)	Potential minimal increase in fine revenues.	
HB 327/SB 705	See entry for SB 705.		
HB 345/SB 625	See entry for SB 625.		
HB 359/SB 91	See entry for SB 91.		
HB 392/SB 419	See entry for SB 419.		
HB 423	Workforce Housing Grant Program – Fund Establishment – Administrative Clarifications (Ch. 603)	Potentially smaller grants per jurisdiction.	
HB 436/SB 522	See entry for SB 522		
HB 488	Environment – Statewide Electronics Recycling Program (Ch. 239)	Increase in State grants of \$426,804 in FY 2008, \$683,241 in FY 2009, \$485,091 in FY 2010, \$486,759 in FY 2011, and \$388,231 in FY 2012.	

Legislation Affecting Local Government Revenues

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<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 505	Maryland Service Animal Reform Act – “Gretchen’s Law” (Ch. 241)	Potential minimal increase in fine revenues.	
HB 590	State Taxes – Solar Energy Grants and Devices (Ch. 615)	Decrease in income tax revenues of \$36,000 annually.	
HB 598	Maryland Heritage Structure Rehabilitation Tax Credit Program (Ch. 567)	Minimal decrease in local highway user revenues in FY 2009 and 2010.	
HB 611/SB 130	See entry for SB 130.		
HB 709	Washington Suburban Sanitary Commission – Fuel Gas – Jurisdiction and Regulations MC/PG 124-07 (Ch. 426)	Increase in WSSC permit fee revenues.	
HB 711	Maryland-National Capital Park and Planning Commission – Open Space Dedication – Fee in Lieu MC/PG 120-07 (Ch. 428)	Potential increase from fees in lieu of open space for M-NCPPC.	
HB 713	Maryland Gang Prosecution Act of 2007 (Ch. 496)	Minimal increase in fine revenues.	
HB 740	Courts – Service of Process – Fees Collected by Sheriff (Ch. 431)	Significant increase in fee revenues.	
HB 755/SB 486	See entry for SB 486.		
HB 785	Cigarette Fire Safety Performance Standard and Firefighter Protection Act (Ch. 497)	Potential minimal increase in grant revenues.	
HB 876	Human Trafficking, Extortion, and Involuntary Servitude (Ch. 341)	Potential minimal increase in fine revenues.	
HB 880/SB 534	See entry for SB 534.		

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 921/SB 100	See entry for SB 100.		
HB 1017	Baltimore City and Prince George’s County – Parent-Teacher Association Matching Fund Pilot Program (Ch. 637)	Increase in State aid of up to \$200,000 annually from FY 2009 to 2011 for Baltimore City and Prince George’s County school systems.	
HB 1036	Identity Fraud – Inducing Another to Provide Identifying Information – Prohibited (Ch. 447)	Potential minimal increase in fine revenues.	
HB 1041	Maryland Agricultural Land Preservation Fund – Foundation Grants (Ch. 448)	Potential redistribution of State grants to counties.	
HB 1067	Local Law Enforcement Agencies – Disposal of Personal Property (Ch. 451)	Increase in auction proceeds for Baltimore City.	
HB 1109	District Court – Civil Jurisdiction – Amount in Controversy (Ch. 84)	Minimal decrease in circuit court filing fee revenues.	
HB 1143	Income Tax Withholding – Nonresident Contractors (Ch. 640)	Minimal decrease in local income tax revenues.	
HB 1189	Transportation – Maryland Senior Rides Program – Grant Limitations (Ch. 268)	Increase in grant revenues from removal of caps on size and number of grants.	
HB 1194	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 536)	Minimal increase in fine revenues.	
HB 1207	Criminal Law – Sexual Contact with Inmates in Correctional and Juvenile Facilities (Ch. 458)	Potential minimal increase in fine revenues.	
HB 1257/SB 945	See entry for SB 945.		
HB 1309	Higher Education – Foster Care Recipients – Waiver of Tuition and Fees (Ch. 644)	Decrease in tuition revenues of \$6,480 in FY 2008 for community colleges with future year losses reflecting tuition inflation.	

Legislation Affecting Local Government Revenues

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<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1310	Criminal Law – Slot Machines – Eligible Organizations (Ch. 645)	Minimal increase in filing fee revenues.	
HB 1347	Public Service Company Franchise Tax – Returns and Collection (Ch. 475)	Potential minimal increase in fine revenues.	
HB 1386/SB 962	See entry for SB 962.		
HB 1422	Property Tax – Exemptions – Bus Passenger Shelters (Ch. 107)	Decrease in property tax revenues of \$181,000 annually.	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting Local Government Revenues

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

Baltimore City

SB 571	Baltimore City – 46th Alcoholic Beverages District – Licenses (Ch. 335)	Increase of \$550 annually in license fee revenues.	
SB 827	Baltimore City – Property Tax Exemption – Affordable and Inclusionary Housing (Ch. 578)	Decrease in property tax revenues of up to \$2.0 million annually.	
HB 251	Baltimore City – Property Tax Credit for Newly Constructed Dwellings (Ch. 228)	Decrease in property tax revenues of \$4.1 million in FY 2008 and \$5.5 million in FY 2009.	

Baltimore County

SB 296/HB 597	Baltimore County – Property Tax Credit – Leadership Through Athletics, Inc. (Ch. 322/Ch. 323)	Decrease in property tax revenues of \$2,900 annually.	
SB 507	Baltimore County – Alcoholic Beverages – Wine Tasting (Ch. 561)	Increase of \$3,900 annually in license fee revenues.	
SB 998	Baltimore County – Alcoholic Beverages – Multiple License Holdings (Ch. 214)	Increase of \$1,000 annually in license fee revenues.	
HB 597/SB 296	See entry for SB 296.		

Calvert County

HB 286	Calvert County – Public Facilities Bonds (Ch. 597)	Increase in bond revenues of up to \$53.1 million.	
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Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Carroll County</i>			
SB 842	Property Tax Credit – Carroll County – Gateway Renovation (Ch. 579)	Potential decrease in property tax revenues.	
SB 844	Carroll County – Regulation of Pawnbrokers and Secondhand Dealers (Ch. 357)	Potential minimal increase in fee and fine revenues.	
SB 845	Carroll County – Alcoholic Beverages – Quota for Class A Licenses (Ch. 358)	Potential minimal reduction in licensing fee revenue in future years.	
SB 905	Carroll County – Public Facilities Bonds (Ch. 58)	Increase in bond revenues of up to \$80.0 million.	
<i>Cecil County</i>			
HB 649	Cecil County – Alcoholic Beverages – Caterer’s License (Ch. 420)	Increase of \$1,200 annually in license fee revenues.	
HB 915	Cecil County – Public Facilities Bonds (Ch. 633)	Increase in bond revenues of up to \$31.4 million.	
<i>Charles County</i>			
HB 379	Charles County – Alcoholic Beverages – Drinking on Public Property and in Other Areas (Ch. 395)	Minimal increase in fine revenues.	
HB 381	Charles County – Alcoholic Beverages – Sales to Underage Persons (Ch. 396)	Minimal increase in fine revenues.	
HB 382	Charles County – Alcoholic Beverages Licenses – Penalty for Late Renewal (Ch. 397)	Minimal increase in penalty fee revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Dorchester County</i>			
SB 1008	Town of Brookview (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 215)	Potential increase from the sale of land and properties acquired through eminent domain. Potential minimal increase in tax revenues resulting from urban renewal.	
SB 1010	Town of Galestown (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 216)	Potential increase from the sale of land and properties acquired through eminent domain. Potential minimal increase in tax revenues resulting from urban renewal.	
HB 62	Dorchester County – Alcoholic Beverages – Class D License (Ch. 374)	Potential increase in new license fee revenues.	
HB 1362	Town of Eldorado (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 278)	Potential increase from the sale of land and properties acquired through eminent domain. Potential minimal increase in tax revenues resulting from urban renewal.	
HB 1364	Town of Hurlock (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 279)	Potential increase from the sale of land and properties acquired through eminent domain. Potential minimal increase in tax revenues resulting from urban renewal.	
<i>Frederick County</i>			
SB 96/HB 195	Frederick County – Alcoholic Beverages – Special Licenses (Ch. 127/Ch. 128)	Potential minimal increase in license fee revenues.	
HB 195/SB 96	See entry for SB 96.		
HB 196	Frederick County – Public Facilities Bonds (Ch. 382)	Increase in bond revenues of up to \$120.0 million.	
HB 1344	Frederick County Commissioners – Zoning and Planning – Public Ethics (Ch. 474)	Potential minimal increase in fine revenues.	

Legislation Affecting Local Government Revenues

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Effect of the 2007 Legislative Program on the Financial Condition of the State

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Garrett County</i>			
SB 274	Garrett County – Property Tax Credit – New or Expanding Businesses (Ch. 143)	Potential decrease in property tax revenues.	
SB 649	Garrett County – Special Property Tax – Volunteer Fire Departments (Ch. 45)	Increase in fire tax revenues of up to \$789,200 annually beginning in FY 2009.	
HB 146	Local Government – Garrett County Commissioners – Disposal of Surplus County Property (Ch. 67)	Potential decrease from county surplus property auction offset by a potentially larger expenditure reduction.	
HB 1266	Garrett County – Alcoholic Beverages – Class BDR (Deluxe Restaurant) License (Ch. 466)	Increase in license fee revenues of \$13,500 in FY 2008 and \$6,750 on an annualized basis.	
<i>Harford County</i>			
HB 1295	Harford County – Property Tax Credit for Homes Near a Refuse Disposal System (Ch. 275)	Decrease in property tax revenues of \$59,300 annually.	
<i>Howard County</i>			
HB 167	Howard County – Property Tax Credit – Residence Jointly Owned by an Individual and the Howard County Housing Commission Ho. Co. 6-07 (Ch. 68)	Potential decrease in property tax revenues of \$17,300 annually.	
HB 1089	Howard County – Alcoholic Beverages – Beer Tasting Ho. Co. 19-07 (Ch. 453)	Potential minimal increase in license fee revenues.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Montgomery County</i>			
HB 618	Montgomery County – Damascus – Alcoholic Beverages – Special Class C Licenses MC 708-07 (Ch. 417)	Minimal increase in license fee revenues.	
HB 763	Montgomery County – Town of Kensington – Alcoholic Beverages – Special B-K Licenses and Restaurant Licenses MC 702-07 (Ch. 432)	Increase in license fee revenues of \$3,100 in FY 2008 and \$2,500 annually thereafter.	
<i>Prince George's County</i>			
SB 582	Prince George's County School Facilities Surcharge – Exemption (Ch. 166)	Potential increase in school facilities surcharge revenues.	
SB 871	Prince George's County – Property Tax Credit – Kettering-Largo-Mitchellville Boys and Girls Club (Ch. 360)	Potential minimal decrease in property tax revenues.	
HB 503	Prince George's County – Alcoholic Beverages – Class B-DD (Development District) License PG 304-07 (Ch. 409)	Increase in license fee revenues of \$6,900 in FY 2008 and \$5,500 annually thereafter.	
HB 509	Prince George's County – Railroad Grade Crossings – Automated Enforcement Systems PG 320-07 (Ch. 411)	Increase in fine revenues.	
HB 622	Prince George's County – Special Taxing Districts PG 428-07 (Ch. 616)	Increase in special tax and bond revenues to the extent enhanced authority is exercised.	
HB 653	Prince George's County – Marriage License Fee – Increase PG 411-07 (Ch. 247)	Increase of \$75,000 annually in marriage fee revenues.	
HB 654	Prince George's County – Transfer Tax – Deputy Sheriffs PG 409-07 (Ch. 248)	Decrease in transfer tax revenues of \$30,000 annually.	X

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 908	Prince George's County – Public Safety Surcharge –Increased Distribution of Revenue to Municipal Corporations PG 414-07 (Ch. 632)	Decrease of \$138,100 in FY 2009 and \$146,500 by FY 2012; total municipal revenues would increase by a corresponding amount.	
<i>Queen Anne's County</i>			
HB 143	Queen Anne's County – Property Tax Credits – Commercial Investment and Economic Development (Ch. 379)	Potential decrease in property tax revenues.	
<i>Somerset County</i>			
SB 180	Somerset County – Sale of Property – Whittington Elementary School (Ch. 313)	Potential foregone revenues in FY 2008.	
HB 121	Somerset County – Alcoholic Beverages – License Fees (Ch. 222)	Increase in license fee revenues of \$4,300 annually.	
<i>St. Mary's County</i>			
HB 447	St. Mary's County – Distribution of Tobacco Products to Minors – Prohibition and Penalties (Ch. 604)	Increase in fine revenues of \$9,000 annually.	
HB 602	St. Mary's County – Real Property – Transfer (Ch. 245)	Potential minimal foregone revenues from the sale of property.	
<i>Washington County</i>			
HB 352	Washington County – Public Facilities Bonds (Ch. 392)	Increase in bond revenues of up to \$80.0 million.	

Legislation Affecting Local Government Revenues

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 753	Washington County Board of County Commissioners – Violations of Civil Offenses – Authority (Ch. 254)	Minimal increase in citation fee revenues.	
HB 1355	Washington County – Building Excise Tax (Ch. 277)	Potential increase in excise tax revenues in FY 2008 only.	
<i>Wicomico County</i>			
SB 456	Interest Rate for Overdue Property Tax – Mardela Springs (Ch. 158)	Potential minimal increase in Mardela Springs property tax revenues from higher interest rates.	
HB 80	Wicomico County – Alcoholic Beverages – Minimum Seating Capacity for Licensed Restaurants (Ch. 376)	Potential minimal increase in license fee revenues from expanded licensing eligibility.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
Legislation Affecting All/Multiple Local Jurisdictions			
SB 3	Real Property – Condemnation – Procedures and and Compensation (Ch. 305)	Potential significant increase in relocation assistance costs.	X
SB 57	Education – Teachers – State and Local Aid Program for Certification by the National Board for Professional Teaching Standards (Ch. 309)	Combined increase of \$12,500 in FY 2008 for local school systems, increasing to \$175,000 by FY 2012.	
SB 83	Sexual Offenders – Evaluation Before Sentencing (Ch. 519)	Minimal increase in personnel/administrative costs for circuit courts.	
SB 103/HB 131	Maryland Clean Cars Act of 2007 (Ch. 111/Ch. 112)	Increase in vehicle purchase costs beginning in FY 2011.	
SB 214	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 535)	Minimal increase in incarceration costs.	
SB 243/HB 311	State Retirement and Pension System – Transfer of Service Credit (Ch. 138/Ch. 139)	Minimal increase in pension liability for Prince George’s County.	
SB 254	Environment – Groundwater Contamination – Notification and Reimbursement of Costs (Ch. 538)	Decrease in local health department notification costs.	
SB 268/HB 1056	Higher Education – Blind and Print Disabled Students – Instructional Materials (Ch. 317/Ch. 318)	Potential decrease in administrative costs for community colleges.	
SB 287	Real Property – Condominiums and Homeowners Associations – Court Appointment of Receiver (Ch. 321)	Potential increase in court costs due to additional receivership petitions.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 351	Forensic Laboratories – Standards and Oversight (Ch. 147)	Increase in local forensic laboratory licensure expenditures.	
SB 392	Election Law – Voting Systems – Voter-Verifiable Paper Records (Ch. 547)	Collective increase of up to \$14.1 or \$15.0 million in FY 2009, \$3.0 or \$3.4 million in FY 2010, and \$0.9 million in FY 2011 for share of voting system purchase and implementation costs. Additional increases for other exclusively local board costs. Potential decrease in voting system services costs in future years. Expenditure increase in election years for ballot printing costs. Enactment contingent on appropriation of specified funding in the State budget no later than FY 2009.	X
SB 396	Ground Rents – Remedies for Nonpayment of Ground Rent (Ch. 286)	Potential significant savings in the aggregate on properties owned by Baltimore City that are subject to ground rents.	
SB 398/HB 502	Ground Rents – Notices Regarding Ground Leases on Residential Property (Ch. 288/Ch. 289)	Minimal savings from litigation on ground rent properties owned by Baltimore City for which proper notice was not provided.	
SB 423/HB 875	Local Government – Street Lighting Equipment (Ch. 554/Ch. 555)	Potential increase in street lighting equipment costs and a potential decrease in related maintenance costs.	
SB 461	Labor and Employment – Maryland Workforce Investment Act – Transit Service for Low-Income Individuals (Ch. 332)	Increase in expenditures for weekly transit passes.	
SB 522/HB 436	Homestead Tax Credit – Eligibility Verification – Application (Ch. 564/Ch. 565)	Increase of \$599,200 in FY 2008 and by \$713,600 in FY 2012 for reimbursements to SDAT.	X
SB 583	Alternate Contributory Pension Selection – Clarifications (Ch. 337)	Combined increase of \$225,000 in pension liabilities for PGUs. Amortized contributions begin in FY 2010 (\$14,000).	
SB 595	Electricity – Net Energy Metering – Renewable Energy Portfolio Standard – Solar Energy (Ch. 119)	Potential increase in county and municipal electricity costs.	

Legislation Affecting Local Government Expenditures

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<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 674	Maryland Energy Efficiency Standards Act of 2007 (Ch. 568)	Potential increase in product costs, recovered through energy savings which could result in a net savings in the long run.	
SB 685	Criminal Procedure – Pretrial Release – Posting of Bond Without Appearance of Defendant (Ch. 178)	Decrease in personnel costs.	
SB 696	Crimes – Leaving Dogs Outside and Unattended by Use of Restraints – Penalties (Ch. 570)	Potential minimal increase in incarceration costs.	
SB 699	State Highway Administration – Protection of Highway Construction and Maintenance Workers (Ch. 571)	Increase in personnel costs for law enforcement officers at specified highway workzones.	X
SB 711	Education – “Share the State Fair!” Program (Ch. 49)	Increase in school expenditures of up to \$1,000 per local school system.	
SB 752/HB 1117	Workers’ Compensation – Benefits for Dependents (Ch. 350/Ch. 351)	Potential minimal increase in workers’ compensation costs for self-insured jurisdictions.	
SB 754	Vehicle Laws – Eluding a Police Officer – Crimes of Violence (Ch. 184)	Potential minimal increase in incarceration costs.	
SB 766/HB 1131	Environment – Phosphorus – Dishwashing Detergent (Ch. 187/Ch. 188)	Potential decrease in wastewater treatment plant operating costs.	
SB 784/HB 786	Stormwater Management Act of 2007 (Ch. 121/Ch. 122)	Potential significant increase to implement environmental site design. Potential decrease in stormwater treatment costs.	X
SB 970	Environment – Water Appropriation Permits – Penalties (Ch. 365)	Potential minimal increase in incarceration costs.	
SB 987/HB 1270	Maryland HIV/AIDS Reporting Act (Ch. 212/Ch. 213)	Preserves federal HIV/AIDS funding beginning in FY 2009.	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
SB 1017	Crimes – Tobacco Paraphernalia – Distribution to Minors (Ch. 218)	Potential minimal increase in counseling and supervised work program costs.	
SB 1025	Election Law – Presidential Primary Election Date (Ch. 219)	Potential increase in local election board staffing, training, and other costs in FY 2008 and future presidential primary years.	
HB 10	Criminal Procedure – Expungement of Police Records – Arrest Without Charge – Automatic (Ch. 63)	Increase in personnel costs in larger counties.	
HB 18	See entry for SB 392.		
HB 131/SB 103	See entry for SB 103.		
HB 164	Education – Relocatable Classrooms – Indoor Air Quality Standards (Ch. 223)	Potential increase of \$3,000 - \$5,000 per new classroom.	
HB 281	Mental Health – Incarcerated Individuals with Mental Illness (Ch. 595)	Significant core service agency mental health assessment costs, reimbursed by DHMH.	
HB 285	Criminal Law – Possession of Child Pornography – Penalty (Ch. 596)	Potential minimal increase in incarceration costs.	
HB 311/SB 243	See entry for SB 243		
HB 326	Maryland Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists Act – Revision (Ch. 391)	Potential minimal increase in incarceration costs.	
HB 390	Sexual Offenders – Evaluation Before Sentencing (Ch. 601)	Minimal increase in personnel/administrative costs for circuit courts.	
HB 401	Public Safety – Carbon Monoxide Alarms (Ch. 401)	Potential varying increase in future construction costs for publicly owned dwellings.	

Legislation Affecting Local Government Expenditures

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Effect of the 2007 Legislative Program on the Financial Condition of the State

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 436/SB 522	See entry for SB 522.		
HB 452	Ground Rents – Conversion of Irredeemable Ground Rents (Ch. 287)	Increase in costs to convert irredeemable ground rents to redeemable ground rents on properties owned by Baltimore City, offset by future savings from ground rent payments.	
HB 459	District Court – Citations (Ch. 605)	Potential significant costs for equipment offset by greater efficiencies in issuing traffic citations.	
HB 502/SB 398	See entry for SB 398.		
HB 693	Washington Suburban Sanitary Commission – Bonds – Issuance and Advertising MC/PG 111-07 (Ch. 424)	Potential significant decrease in debt service costs for WSSC.	
HB 709	Washington Suburban Sanitary Commission – Fuel Gas – Jurisdiction and Regulations MC/PG 124-07 (Ch. 426)	Increase of \$244,000 in FY 2008 and \$393,700 by FY 2012 for WSSC personnel costs offset by associated permit fee revenues.	
HB 713	Maryland Gang Prosecution Act of 2007 (Ch. 496)	Minimal increase in incarceration costs.	
HB 786/SB 784	See entry for SB 784.		
HB 875/SB 423	See entry for SB 423.		
HB 893	Bay Restoration Fund – Wastewater Treatment Facilities Upgrades – Reporting Requirements (Ch. 257)	Potential increase in building permit monitoring/reporting system costs and for providing information to the State.	
HB 1016	Electricity – Net Energy Metering – Renewable Energy Portfolio Standard – Solar Energy (Ch. 120)	Potential increase in county and municipal electricity costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1036	Identity Fraud – Inducing Another to Provide Identifying Information – Prohibited (Ch. 447)	Potential minimal increase in incarceration costs.	
HB 1056/SB 268	See entry for SB 268.		
HB 1057	Health Insurance – Family Coverage Expansion Act (Ch. 639)	Potential significant increase in health insurance costs.	
HB 1067	Local Law Enforcement Agencies – Disposal of Personal Property (Ch. 451)	Baltimore City is the only jurisdiction expected to be measurably affected: annual savings of \$102,000 to warehouse property.	
HB 1109	District Court – Civil Jurisdiction – Amount in Controversy (Ch. 84)	Minimal decrease in personnel costs.	
HB 1117/SB 752	See entry for SB 752.		
HB 1131/SB 766	See entry for SB 766.		
HB 1175	Counties – Purchase of Development Rights (Ch. 267)	Potential increase in acquisition and legal costs to the extent the authority is exercised.	
HB 1180	Unemployment Insurance – Schedule of Benefits (Ch. 298)	Potential significant increase in unemployment insurance expenditures.	
HB 1194	Criminal Law – Unauthorized Possession of Contraband – Place of Confinement (Ch. 536)	Minimal increase in incarceration costs.	
HB 1207	Criminal Law – Sexual Contact with Inmates in Correctional and Juvenile Facilities (Ch. 458)	Potential minimal increase in incarceration costs.	
HB 1270/SB 987	See entry for SB 987.		
HB 1291	Solid Waste Regulation – Criminal Penalties (Ch. 468)	Potential minimal increase in incarceration costs.	

Legislation Affecting Local Government Expenditures

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<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 1325	Juvenile Law – Truancy Reduction Pilot Programs (Ch. 648)	Potential increase in circuit court personnel and administrative costs.	
HB 1347	Public Service Company Franchise Tax – Returns and Collection (Ch. 475)	Potential minimal increase in incarceration costs.	

Effect of the 2007 Legislative Program on the Financial Condition of the State

Legislation Affecting Local Government Expenditures

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

Anne Arundel County

HB 551	Housing and Community Development – Radium Pilot Grant Program – Sunset Repeal (Ch. 413)	Minimal expenditures for matching grants continue past FY 2008.	
HB 1114	Anne Arundel County – Board of Education – Appointment Process (Ch. 454)	Increase of \$4,800 annually for FY 2008-2011 and \$21,000 annually beginning in FY 2012 for board member compensation.	
HB 1245	Anne Arundel County – Alcoholic Beverages – Board of License Commissioners – Inspectors (Ch. 464)	Increase in personnel costs of \$84,500 in FY 2008 and \$101,700 annually by FY 2010.	

Baltimore City

SB 16	Baltimore City – Local Government Tort Claims Act – Baltimore Public Markets Corporation and Lexington Market, Inc. (Ch. 123)	Minimal increase in claim costs.	
SB 349	Disease Prevention – Sexually Transmitted Diseases –Expedited Partner Therapy Pilot Program (Ch. 146)	Increase of \$29,900 annually from FY 2008 through 2010.	
SB 407	Baltimore City – Hotel Room Tax – Convention Center Promotion (Ch. 151)	Mandatory convention center marketing and tourism promotion expenditures would continue through FY 2012.	
HB 458	Ground Rents – Property Owned by Baltimore City – Reimbursement for Expenses – Notices (Ch. 285)	Minimal savings from limits on ground rent recovery and timely notice of ground rent due on properties owned by Baltimore City.	

Legislation Affecting Local Government Expenditures

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Effect of the 2007 Legislative Program on the Financial Condition of the State

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Baltimore County</i>			
HB 181	Baltimore County – Election Law – Compensation for Election Judges (Ch. 224)	Increase of \$135,850 in FY 2008 and 2009 for increased election judge staffing costs. Similar increases in future election years, per election.	
<i>Calvert County</i>			
SB 356	Calvert County Board of Education – Compensation (Ch. 327)	Increase of \$2,600 in FY 2009 and \$8,700 by FY 2012 for personnel costs.	
HB 286	Calvert County – Public Facilities Bonds (Ch. 597)	Increase in debt service costs of up to \$4.0 million annually for 20 years.	
<i>Carroll County</i>			
SB 905	Carroll County – Public Facilities Bonds (Ch. 58)	Increase in debt service costs of up to \$6.0 million annually for 20 years.	
<i>Cecil County</i>			
SB 682	Cecil County – Purchase of Development Rights Program – General Obligation Installment Purchase Agreements (Ch. 569)	Potential increase for U.S. Treasury STRIPS, interest payments, and legal fees.	
HB 907	Cecil County – Bridge or Road Construction or Repair Contracts (Ch. 259)	Potential minimal procurement expenditure savings.	
HB 915	Cecil County – Public Facilities Bonds (Ch. 633)	Increase in debt service costs of up to \$2.4 million annually for 20 years.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
<i>Charles County</i>			
SB 283	Charles County Prostate Cancer Pilot Program (Ch. 541)	Increase in grants to local health department or FHC of \$82,700 in FY 2008, \$111,700 in FY 2009, \$116,300 in FY 2010, and \$30,300 in FY 2011.	
<i>Dorchester County</i>			
SB 1008	Town of Brookview (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 215)	Potential increase for land acquisition and urban renewal project costs.	
SB 1010	Town of Galestown (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 216)	Potential increase for land acquisition and urban renewal project costs.	
HB 1362	Town of Eldorado (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 278)	Potential increase for land acquisition and urban renewal project costs.	
HB 1364	Town of Hurlock (Dorchester County) – Urban Renewal Authority for Slum Clearance (Ch. 279)	Potential increase for land acquisition and urban renewal project costs.	
<i>Frederick County</i>			
SB 959	Frederick County Board of Elections – Salary Increase (Ch. 363)	Increase of \$10,802 annually for personnel costs.	
SB 961	Frederick County – Employees’ Pension System – Alternate Contributory Pension Selection (Ch. 364)	Increase of \$526,000 annually from FY 2008 to 2013 in pension contributions.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 196	Frederick County – Public Facilities Bonds (Ch. 382)	Increase in debt service costs of up to \$9.0 million annually for 20 years.	
HB 200	Frederick County – Road Projects – Repeal of State Match Requirement (Ch. 69)	Some county general fund expenditures for public road facilities could be funded with building excise tax revenues.	
HB 905	Frederick County – Procurement Contracts – Architectural and Engineering Services (Ch. 258)	Potential minimal decrease in procurement costs.	
HB 1344	Frederick County Commissioners – Zoning and Planning – Public Ethics (Ch. 474)	Minimal increase in administrative and reporting costs and potential minimal increase in incarceration costs.	
<i>Garrett County</i>			
SB 229	Garrett County – Local Government Tort Claims Act – Inclusion of Specified Nonprofit Entity (Ch. 315)	Minimal decrease in premium costs.	
HB 146	Local Government – Garrett County Commissioners – Disposal of Surplus County Property (Ch. 67)	Potential reduction in warehousing and administrative costs.	
<i>Harford County</i>			
HB 296	Harford County – Liquor Control Board – Salaries (Ch. 389)	Increase in personnel expenditures of up to \$4,800 in FY 2008 and \$11,300 annually beginning in FY 2010.	
<i>Howard County</i>			
HB 513	Howard County – Board of Education – Qualifications and Election of Student Member Ho. Co. 12-07 (Ch. 611)	Minimal travel and expense costs.	

Legislation Affecting Local Government Expenditures

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 772	Howard County – Zoning Regulations – Administrative Proceedings Ho. Co. 5-07 (Ch. 625)		Increase of \$247,000 in FY 2009, with 5 - 8% annual increases for an administrative proceedings office.
<i>Montgomery County</i>			
HB 613	Election Law – Board of Elections Members – Montgomery County MC 704-07 (Ch. 79)		Increase of \$20,000 annually for additional board member salaries and \$2,000 per election for canvassing payments for additional board members.
HB 783	Workers’ Compensation – Montgomery County Correctional Officers MC 705-07 (Ch. 434)		Increase in workers’ compensation costs of \$349,000 annually.
HB 1139	Montgomery County – Director of the Department of Social Services – Pension and Retirement Health Benefits MC 711-07 (Ch. 455)		Potentially significant increase in pension contributions.
<i>Prince George’s County</i>			
SB 772	Prince George’s County – State’s Attorney’s Office – Composition and Salaries (Ch. 189)		Increase of \$318,600 in FY 2008 and \$507,000 by FY 2012 for personnel costs.
HB 500	Prince George’s County – State’s Attorney’s Office – Composition and Salaries PG 302-07 (Ch. 77)		Increase of \$318,600 in FY 2008 and \$507,000 by FY 2012 for personnel costs.
HB 509	Prince George’s County – Railroad Grade Crossings – Automated Enforcement Systems PG 320-07 (Ch. 411)		Potential minimal increase for installation of automated enforcement systems not covered by revenues.
HB 622	Prince George’s County – Special Taxing Districts PG 428-07 (Ch. 616)		Increase in expenditures for financing workforce housing improvements, offset by special tax and bond revenues.

Legislation Affecting Local Government Expenditures

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Effect of the 2007 Legislative Program on the Financial Condition of the State

<u>Bill #</u>	<u>Title</u>	<u>Comment</u>	<u>Mandate</u>
HB 637	Election Law – Compensation for Election Judges – Prince George’s County PG 404-07 (Ch. 617)	Increase of \$299,000 in FY 2008 and 2009 for increased election judge staffing costs. Similar increases in future election years, per election.	
<i>Queen Anne’s County</i>			
SB 775	Queen Anne’s County – State’s Attorney – Salary (Ch. 192)	Increase of \$7,500 in FY 2011 and \$15,600 in FY 2012 for personnel costs.	
<i>Somerset County</i>			
SB 202	Somerset County – Treasurer – Salary (Ch. 134)	Increase of \$9,100 in FY 2011 and \$18,200 annually beginning in FY 2012 for personnel costs.	
HB 13	Somerset County – County Commissioners and Members of the County Roads Board – Salaries (Ch. 372)	Increase of \$11,900 in FY 2011 and \$20,300 in FY 2012 for personnel costs.	
<i>Washington County</i>			
HB 352	Washington County – Public Facilities Bonds (Ch. 392)	Increase in debt service costs of up to \$6.0 million annually for 20 years.	
<i>Wicomico County</i>			
SB 457	Wicomico County – Board of License Commissioners – Attorney’s Salary (Ch. 331)	Increase in personnel costs of \$4,300 annually.	
SB 814	Wicomico County – Liquor Control Board – Salaries (Ch. 195)	Increase in personnel costs of \$7,000 annually.	

Chapter Five – Vetoed Legislation

Vetoed Legislation

The following is a list of all bills passed by the 2007 General Assembly, vetoed by the Governor for technical and policy reasons, and not enacted by the General Assembly through veto overrides. For each bill that would have had an effect on State finances, the impact is described briefly.

SB 497	Public Safety – Disposal of Handguns Owned by a Law Enforcement Agency
SB 657/HB 1239	Prince George’s County – Board of Education <i>General fund expenditures would have decreased by \$565,000 in fiscal 2007 due to the elimination of the comprehensive review requirement.</i>
HB 564	Dorchester and Talbot Counties – Unattended Marine Vessel Motor Fuel Retail Service Stations at Marinas – Pilot Program
HB 988	State Board of Dental Examiners – Program Evaluation and Licensee Protection <i>Special fund expenditures could have increased due to a potential increase in the number of civil actions.</i>
HB 992	Criminal Procedure – Drug-Related Offenses – Parole Eligibility for Second Offenders <i>General fund expenditures could have decreased beginning in fiscal 2011 due to expanded eligibility for parole.</i>