

HOUSE BILL 1159

B1

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CF SB 840

By: **Delegates Costa, Bates, Dwyer, Elmore, Frank, George, Kipke, McComas,
Norman, Schuh, and Sossi**

Introduced and read first time: February 17, 2010

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Budget Reduction Act**

3 FOR the purpose of repealing certain State horse racing impact aid grants to certain
4 local jurisdictions; repealing certain grants to certain film production entities;
5 altering certain State aid provided to certain nonpublic institutions of higher
6 education; repealing certain State grants to certain institutions; repealing a
7 certain income tax credit for certain research and development expenses;
8 altering a certain limit on the amount of certain distributions required to be
9 made to certain counties and Baltimore City based on per capita yield of county
10 income taxes; altering certain State aid to local jurisdictions for local
11 expenditures for police protection; providing for the distribution of certain
12 amounts to the General Fund of the State from a certain special fund; altering
13 or repealing certain required appropriations; prohibiting the use of State
14 general funds for certain purposes; limiting certain rates established under
15 certain programs; altering the calculation of certain State aid to community
16 colleges; altering a certain scholarship program; altering certain State funding
17 requirements for local health services; altering the distribution of certain motor
18 fuel tax revenue; altering the distribution of certain sales and use tax revenue
19 from short-term rental vehicles; altering a certain limit on the maximum
20 aggregate initial tax credit certificates that may be issued for any fiscal year
21 under a certain tax credit for certain investments in certain biotechnology
22 companies; altering a requirement that the State reimburse certain amounts to
23 certain local jurisdictions for a certain property tax credit; altering the
24 distribution of certain highway user revenues; stating certain intent of the
25 General Assembly regarding restraining spending in the State budget by
26 implementation of certain actions; making the provisions of this Act severable;
27 providing for the application of this Act; providing for a delayed effective date
28 for certain provisions of this Act; and generally relating to the financing of State
29 government.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 BY repealing
2 Article 41 – Governor – Executive and Administrative Departments
3 Section 4–401, 4–402, and 4–405
4 Annotated Code of Maryland
5 (2003 Replacement Volume and 2009 Supplement)
- 6 BY repealing
7 Article – Business Regulation
8 Section 11–404 and 11–405
9 Annotated Code of Maryland
10 (2004 Replacement Volume and 2009 Supplement)
- 11 BY repealing
12 Article – Economic Development
13 Section 4–401 through 4–407 and the subtitle “Subtitle 4. Film Production
14 Rebate Fund”
15 Annotated Code of Maryland
16 (2008 Volume and 2009 Supplement)
- 17 BY repealing
18 Article – Education
19 Section 17–104
20 Annotated Code of Maryland
21 (2008 Replacement Volume and 2009 Supplement)
- 22 BY repealing
23 Article – Health – General
24 Section 13–1015 and 13–1116 through 13–1118
25 Annotated Code of Maryland
26 (2009 Replacement Volume)
- 27 BY repealing
28 Article – Tax – General
29 Section 10–721
30 Annotated Code of Maryland
31 (2004 Replacement Volume and 2009 Supplement)
- 32 BY repealing and reenacting, without amendments,
33 Article 24 – Political Subdivisions – Miscellaneous Provisions
34 Section 9–1101(a)(1)
35 Annotated Code of Maryland
36 (2005 Replacement Volume and 2009 Supplement)
- 37 BY repealing and reenacting, with amendments,
38 Article 24 – Political Subdivisions – Miscellaneous Provisions
39 Section 9–1101(d)
40 Annotated Code of Maryland

- 1 (2005 Replacement Volume and 2009 Supplement)
- 2 BY repealing and reenacting, with amendments,
3 Article 41 – Governor – Executive and Administrative Departments
4 Section 4–403 and 4–406(d)
5 Annotated Code of Maryland
6 (2003 Replacement Volume and 2009 Supplement)
- 7 BY repealing and reenacting, with amendments,
8 Article – Business Regulation
9 Section 11–403, 11–404.1, and 11–406
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2009 Supplement)
- 12 BY repealing and reenacting, with amendments,
13 Article – Economic Development
14 Section 4–216(b) and 10–523(a)(3)(i)
15 Annotated Code of Maryland
16 (2008 Volume and 2009 Supplement)
- 17 BY adding to
18 Article – Economic Development
19 Section 10–640(g) and 10–643(g)
20 Annotated Code of Maryland
21 (2008 Volume and 2009 Supplement)
- 22 BY repealing and reenacting, with amendments,
23 Article – Education
24 Section 8–417, 16–305(c)(1), 18–1101, 18–1102(a) and (b), and 18–1103
25 Annotated Code of Maryland
26 (2008 Replacement Volume and 2009 Supplement)
- 27 BY adding to
28 Article – Education
29 Section 17–104
30 Annotated Code of Maryland
31 (2008 Replacement Volume and 2009 Supplement)
- 32 BY repealing and reenacting, with amendments,
33 Article – Health – General
34 Section 2–302
35 Annotated Code of Maryland
36 (2009 Replacement Volume)
- 37 BY repealing and reenacting, with amendments,
38 Article – Human Services
39 Section 11–401 and 11–402(d)

1 Annotated Code of Maryland
2 (2007 Volume and 2009 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – State Finance and Procurement
5 Section 7–325(a)
6 Annotated Code of Maryland
7 (2009 Replacement Volume)

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 2–1104, 2–1302.1, and 10–725(e)(3)(iii)
11 Annotated Code of Maryland
12 (2004 Replacement Volume and 2009 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 9–103(h)
16 Annotated Code of Maryland
17 (2007 Replacement Volume and 2009 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Transportation
20 Section 8–402(c) and 8–403
21 Annotated Code of Maryland
22 (2008 Replacement Volume and 2009 Supplement)

23 BY repealing and reenacting, with amendments,
24 Chapter 487 of the Acts of the General Assembly of 2009
25 Section 44

26 BY repealing and reenacting, with amendments,
27 Article – Transportation
28 Section 8–403
29 Annotated Code of Maryland
30 (2008 Replacement Volume and 2009 Supplement)
31 (As enacted by Chapter 487 of the Acts of the General Assembly of 2009)

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
33 MARYLAND, That Section(s) 4–401, 4–402, and 4–405 of Article 41 – Governor –
34 Executive and Administrative Departments of the Annotated Code of Maryland be
35 repealed.

36 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 11–404 and
37 11–405 of Article – Business Regulation of the Annotated Code of Maryland be
38 repealed.

1 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 4–401 through
2 4–407 and the subtitle “Subtitle 4. Film Production Rebate Fund” of Article –
3 Economic Development of the Annotated Code of Maryland be repealed.

4 SECTION 4. AND BE IT FURTHER ENACTED, That Section(s) 17–104 of
5 Article – Education of the Annotated Code of Maryland be repealed.

6 SECTION 5. AND BE IT FURTHER ENACTED, That Section(s) 13–1015 and
7 13–1116 through 13–1118 of Article – Health – General of the Annotated Code of
8 Maryland be repealed.

9 SECTION 6. AND BE IT FURTHER ENACTED, That Section(s) 10–721 of
10 Article – Tax – General of the Annotated Code of Maryland be repealed.

11 SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland
12 read as follows:

13 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

14 9–1101.

15 (a) (1) Subject to subsection (d) of this section, for each fiscal year, the
16 Comptroller shall distribute to a county the amount determined for each county under
17 this section.

18 (d) For fiscal year 2011 and each subsequent fiscal year, the distribution
19 provided to any county or Baltimore City under this section may not exceed **AN**
20 **AMOUNT EQUAL TO 60% OF** the amount distributed to the county or Baltimore City
21 for fiscal year 2010.

22 **Article 41 – Governor – Executive and Administrative Departments**

23 4–403.

24 (a) As used in this subtitle:

25 (1) “Subdivision” means any county of Maryland but does not include
26 Baltimore City; or where the context requires, the governing body thereof.

27 (2) “Municipality” means any incorporated city or town, except
28 Baltimore City, within Maryland; or where the context requires, the governing body
29 thereof.

30 (3) “Expenditures for police protection” shall be those for the fiscal
31 year immediately preceding the fiscal year for which the calculation of State aid is to
32 be made. Thus, State aid for the first year of this grant (1968–1969) shall be based on
33 “expenditures for police protection” in the fiscal year ending June 30, 1968; State aid

1 for the second year of this grant (1969–1970) shall be based on expenditures in the
 2 fiscal year ending June 30, 1969, and so forth. “Expenditures for police protection”
 3 means salaries and wages, other operating expenses, capital outlays from current
 4 operating funds, and properly identifiable debt service, paid for police protection.
 5 Expenditures for sheriffs and constables are included only to the extent that such
 6 officers perform police protection functions. Expenditures for traffic control, park
 7 police, and a share of the cost of a central alarm system proportionate to its police use,
 8 are included. No part of expenditures for collecting from or servicing parking meters,
 9 nor of constructing or operating jails, is included.

10 [(4) “Adjusted assessed valuation of real property” means 100% of the
 11 assessed valuation of the operating real property of public utilities, plus 40% of the
 12 assessed valuation of all other real property for State purposes, as reported by the
 13 State Department of Assessments and Taxation as of July 1 of the second fiscal year
 14 preceding the fiscal year for which the calculation of State aid is to be made, plus 20%
 15 of new property assessed between July 1 and December 31 of the second preceding
 16 fiscal year. “Real property” means all property classified as real property under §
 17 8–101(b) of the Tax – Property Article.

18 (5) “Net taxable income” shall be the taxable income of individuals
 19 under Title 10 of the Tax – General Article, as certified by the Comptroller of the
 20 Treasury for the third completed calendar year preceding the fiscal year for which the
 21 calculation of State aid is to be made. Thus, State aid for the first year of this grant
 22 shall be based on taxable income in calendar year 1965, and State aid in succeeding
 23 years on taxable income in corresponding succeeding calendar years.

24 (6) Population figures for total number of people in a subdivision, i.e.
 25 figures used in per capita and density determinations, shall be those estimated by the
 26 State Department of Health and Mental Hygiene, as of July 1 of each year. Percentage
 27 of population residing in municipalities shall be determined from time to time by the
 28 most recently published federal decennial census data.]

29 [(7) (4) “Executive director” means the executive director of the
 30 Governor’s Office of Crime Control and Prevention.

31 [(8) (5) “Qualifying municipality” means a municipality:

32 (i) 1. Whose “expenditures for police protection”, as defined
 33 above, exceed \$5,000; and

34 2. That employs at least one qualified full–time police
 35 officer, as determined by the executive director; or

36 (ii) 1. Whose “expenditures for police protection”, as defined
 37 above, exceed \$80,000; and

1 2. That employs at least two qualified part–time police
2 officers, as determined by the executive director, from a county police department or
3 county sheriff’s department.

4 [(9) “Wealth base” of a subdivision means the sum of the “adjusted
5 assessed valuation of real property” and “net taxable income”.

6 (10) “Aggregate expenditures for police protection” for a subdivision
7 means the sum of “expenditures for police protection”, as defined above, of that
8 subdivision and of every qualifying municipality in that subdivision.

9 (11) “Equivalent of X dollars per capita” means an amount of money
10 equal to the product of X times the number of people in the particular subdivision.]

11 [(12)] (6) “Sworn officer” means:

12 (i) A law enforcement officer certified by the Police Training
13 Commission; or

14 (ii) A full–time probationary employee of a local government
15 who:

16 1. Is hired to attend a police training academy to become
17 a certified law enforcement officer; and

18 2. Is in training or is functioning as a law enforcement
19 officer pending training.

20 (b) [Subject to subsection (d) of this section, for the fiscal year beginning July
21 1, 2004, and thereafter] **FOR EACH FISCAL YEAR**, the State shall pay to each
22 subdivision, and to each qualifying municipality, each year in the manner and subject
23 to the limitations and requirements hereinafter provided, an amount [determined as
24 follows:

25 (1) Share in Basic Expenditure. If the aggregate expenditures for
26 police protection in a subdivision equal or exceed \$6.00 per capita, the State shall pay
27 to the subdivision the amount, if any, by which the equivalent of \$6.00 per capita
28 exceeds 0.09% of the wealth base. If the aggregate expenditures for police protection in
29 a subdivision are less than \$6.00 per capita, the State shall pay to the subdivision the
30 amount, if any, by which aggregate expenditures for police protection exceed that
31 proportion of 0.09 percent of the wealth base which aggregate expenditures for police
32 protection bear to the equivalent of \$6.00 per capita.

33 (2) Share Over the Basic Expenditure. In addition to the amount, if
34 any, payable under paragraph (1) of this subsection, the State shall pay to each
35 subdivision an amount equal to 25% of the amount, if any, by which aggregate

1 expenditures for police protection exceed the equivalent of \$6.00 per capita. Provided
2 however:

3 (i) For subdivisions with a population density less than 100 per
4 square mile, and less than 30% of total population residing in municipalities, there
5 shall be no payment under this paragraph.

6 (ii) For subdivisions with population density 100 or more but
7 less than 500 per square mile, and for subdivisions with population density less than
8 100 per square mile but with 30% or more of total population residing in
9 municipalities, payment under this paragraph shall not exceed the equivalent of \$3.50
10 per capita.

11 (iii) For subdivisions with population density 500 or more but
12 less than 900 per square mile, payment under this paragraph shall not exceed the
13 equivalent of \$7.50 per capita.

14 (iv) For subdivisions with population density 900 or more but
15 less than 1,100 per square mile, payment under this paragraph shall not exceed the
16 equivalent of \$8.00 per capita.

17 (v) For subdivisions with population density 1,100 or more but
18 less than 1,300 per square mile, payment under this paragraph shall not exceed the
19 equivalent of \$9.25 per capita.

20 (vi) For subdivisions with population density 1,300 or more but
21 less than 8,000 per square mile, payment under this paragraph shall be 25% of the
22 amount by which aggregate expenditures for police protection exceed the equivalent of
23 \$6.00 per capita but do not exceed the equivalent of \$36.00 per capita and 50% of the
24 amount by which aggregate expenditures for police protection exceed the equivalent of
25 \$36.00 per capita but do not exceed the equivalent of \$45.50 per capita.

26 (vii) For subdivisions with population density 8,000 or more per
27 square mile, payment under this paragraph shall be 25% of the amount by which
28 aggregate expenditures for police protection exceed the equivalent of \$6.00 per capita
29 but do not exceed the equivalent of \$36.00 per capita and 50% of the amount by which
30 aggregate expenditures for police protection exceed the equivalent of \$36.00 per capita
31 but do not exceed the equivalent of \$101.50 per capita.

32 (3) Minimum Grant. The State shall pay to each subdivision the
33 amount, if any, by which the equivalent of \$2.50 per capita exceeds the total payments
34 determined under paragraphs (1) and (2) of this subsection. No subdivision for which
35 the population estimate is less than the population estimated for the first year of this
36 grant shall receive in any year a smaller amount of State aid for police protection than
37 it received in any previous year, provided it has not reduced the level of expenditure
38 for police protection which entitled it to the amount of that previous year's grant.

1 (4) Incentive Grant. In addition to the payments made under
2 paragraphs (1), (2), and (3) of this subsection, the State shall pay to each subdivision
3 with a population density of less than 500 per square mile, an amount the equivalent
4 of \$2.00 per capita.

5 (5) Supplemental Grant.

6 (i) In addition to the payments made under paragraphs
7 (1), (2), (3), and (4) of this subsection, the State shall pay:

8 1. To each subdivision, subject to subparagraph (ii) of
9 this paragraph, an amount the equivalent of \$2.50 per capita;

10 2. To Baltimore City, an amount the equivalent of fifty
11 cents per capita; and

12 3. To each subdivision that borders the District of
13 Columbia, in addition to the amount required under item 1 of this subparagraph, an
14 amount the equivalent of fifty cents per capita living in this State within 1 mile of the
15 border.

16 (ii) The State shall allocate and distribute the supplemental
17 grant to each subdivision among the subdivisions and the qualifying municipalities in
18 those subdivisions on a per capita basis.

19 (6) Additional Grant. For the fiscal year ending June 30, 1981, and for
20 each fiscal year thereafter, an additional grant equal to 10 percent of the total of the
21 payments determined under paragraphs (1), (2), (3) and (4) of this subsection, or an
22 amount which shall not exceed the equivalent of \$1 per capita, whichever is the larger,
23 shall be paid to the subdivisions.

24 (7) Minimum Payment in Certain Years. Each subdivision shall be
25 paid that amount, if any, by which the grant paid to the subdivision in the fiscal year
26 ending June 30, 1984 exceeds the total payments determined under paragraphs
27 (1), (2), (3), (4), (5) and (6) of this subsection.

28 (8) Municipal Sworn Officer Allocation. For fiscal year 2009 and each
29 fiscal year thereafter, the State shall pay to each qualifying municipality, in addition
30 to the payments made under paragraphs (1) through (7) of this subsection an amount]
31 equal to \$1,950 for each sworn police officer actually employed on a full-time basis by
32 the **SUBDIVISION OR** qualifying municipality, as determined by the executive
33 director.

34 [(c) The payment received by each subdivision under subsection (b)(1), (2),
35 (3), (4), (6) and (7) of this section shall be paid to each subdivision and qualifying
36 municipality, in the exact proportion which the expenditures for police protection of

1 the subdivision and of each qualifying municipality bear to aggregate expenditures for
2 police protection.

3 (d) (1) (i) In this subsection the following words have the meanings
4 indicated.

5 (ii) "Crime assessment" means an amount obtained for each
6 subdivision or Baltimore City by multiplying the percent of total Part I Crimes in the
7 State that were committed in the subdivision or Baltimore City by 10% of the costs for
8 the crime laboratory of the State Police as provided in the State budget for the fiscal
9 year of the assessment.

10 (iii) "Part I Crimes" means the crimes reported by the State
11 Police as Part I Crimes in the annual uniform crime report for the second completed
12 calendar year preceding the fiscal year of the crime assessment.

13 (iv) "Wealth assessment" means an amount obtained for each
14 subdivision or Baltimore City by multiplying the percent of the total wealth base of the
15 State that is attributable to the wealth base of the subdivision or Baltimore City by
16 20% of the costs for the crime laboratory of the State Police as provided in the State
17 budget for the fiscal year of the assessment.

18 (2) For the fiscal year beginning July 1, 2004, and for each fiscal year
19 thereafter, the amount determined under subsection (b) of this section for each
20 subdivision or Baltimore City shall be reduced by the sum of the crime assessment and
21 the wealth assessment for the subdivision or Baltimore City.]

22 4-406.

23 (d) In determining qualification under [§ 4-403(a)(8)] **§ 4-403(A)(5)** of this
24 subtitle, the minimum standards determined by the Police Training Commission
25 under authority of Title 3, Subtitle 2 of the Public Safety Article shall be applied.

26 Article – Business Regulation

27 11-403.

28 (a) **FOR EACH FISCAL YEAR, THE COMPTROLLER SHALL DISTRIBUTE**
29 **\$1,200,000 FROM THE SPECIAL FUND TO THE GENERAL FUND OF THE STATE.**

30 (B) The Comptroller shall pay from the Special Fund an annual grant of:

31 (1) \$825,000 to the Maryland Agricultural Fair Board to promote
32 State and county agricultural fairs and exhibits;

1 (2) [\$100,000 to Prince George's County to replace money formerly
2 received from the admissions and amusement tax;

3 (3)] \$40,000 to the Great Frederick Fair to support exhibition harness
4 racing with money for construction and maintenance of new stalls, track maintenance,
5 and purses;

6 [(4) \$50 to the City of Bowie for each day that the training facilities are
7 open at the Bowie Race Course Training Center;

8 (5)] (3) \$75,000 to the Maryland Agricultural Education
9 Foundation, Inc., to promote and enhance statewide agricultural education;

10 [(6)] (4) an amount not to exceed \$30,000 in fiscal year 1998 and
11 \$20,000 in each fiscal year thereafter to the Great Pocomoke Fair, Inc. to support
12 exhibition harness racing with money for construction and maintenance of new stalls,
13 track maintenance, and purses;

14 [(7)] (5) \$500,000 to the Maryland Million, Ltd. to support and
15 promote the running of Maryland Million races; and

16 [(8)] (6) \$350,000 to the Maryland Standardbred Race Fund for the
17 Sire Stakes Program.

18 [(b)] (C) If the Maryland State Fair remains at the Timonium Fair
19 Grounds, the Comptroller shall pay from the Special Fund an annual grant of[:

20 (1)] \$500,000 to the Maryland State Fair and Agricultural Society, Inc.,
21 to:

22 [(i)] (1) promote and enhance the Maryland State Fair; and

23 [(ii)] (2) maintain and develop youth programs, with premium
24 money provided to organizations, such as 4-H Clubs and the Future Farmers of
25 America, for recognition and awards[; and

26 (2) \$50,000 to Baltimore County to replace the money formerly
27 received by the county under this subtitle].

28 [11-404.1.] **11-404.**

29 After all deductions from the Special Fund as required under [§§ 11-403 and
30 11-404] **§ 11-403** of this subtitle are made, the Comptroller shall pay from the
31 Special Fund an annual grant of:

32 (1) \$300,000 to be allocated in the following way:

1 (i) 70% to the Maryland–Bred Race Fund; and

2 (ii) 30% to the Maryland Standardbred Race Fund, to be divided
3 equally between the Sire Stakes Program and the Foaled Stakes Program; and

4 (2) \$260,000 to the Maryland Agricultural Education and Rural
5 Development Assistance Fund established under § 2–206 of the State Finance and
6 Procurement Article, with \$130,000 to be allocated to support the operations of the
7 Rural Maryland Council.

8 [11–406.] **11–405.**

9 After all deductions from the Special Fund as required by §§ 11–403[,] AND
10 11–404[, and 11–404.1] of this subtitle are made, money that remains in the Special
11 Fund shall be allocated in the following way:

12 (1) 50% to the Maryland Agricultural Education and Rural
13 Development Assistance Fund established under § 2–206 of the State Finance and
14 Procurement Article, with one–third of these funds to be allocated to support the
15 operations of the Rural Maryland Council; and

16 (2) 50% to be allocated in the following way:

17 (i) 70% to the Maryland–Bred Race Fund; and

18 (ii) 30% to the Maryland Standardbred Race Fund, to be divided
19 equally between the Sire Stakes Program and the Foaled Stakes Program.

20 **Article – Economic Development**

21 4–216.

22 (b) For fiscal year 2011 and each fiscal year thereafter, the Governor shall
23 include in the annual budget bill a proposed General Fund appropriation to the Fund
24 in an amount not less than [\$6,000,000] **\$3,000,000** for each fiscal year.

25 10–523.

26 (a) (3) (i) To assist the Corporation in complying with subsection (c) of
27 this section, the Governor shall include each year in the State budget bill an
28 appropriation to the Corporation for rural business development and assistance for
29 [each of fiscal years] **FISCAL YEAR** 2010 [and 2011] in the amount of \$2,750,000 and
30 for each of fiscal years [2012] **2011** through 2020, in the amount of [\$4,000,000]
31 **\$850,000.**

1 10-640.

2 **(G) GENERAL FUNDS OF THE STATE MAY NOT BE USED TO PAY ANY**
3 **OBLIGATION OF THE AUTHORITY UNDER SUBSECTION (F) OF THIS SECTION.**

4 10-643.

5 **(G) GENERAL FUNDS OF THE STATE MAY NOT BE USED TO PAY ANY**
6 **OBLIGATION OF THE AUTHORITY UNDER SUBSECTION (F) OF THIS SECTION.**

7 **Article – Education**

8 8-417.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) “Nonpublic general education school” means a nonpublic school
11 approved under COMAR 13A.09.10 pursuant to § 2-206 of this article and operated in
12 conjunction with residential or nonresidential child care programs licensed or
13 approved by the Department, the Department of Health and Mental Hygiene, the
14 Department of Human Resources, or the Department of Juvenile Services.

15 (3) “Nonresidential child care program” means a program that:

16 (i) Provides services for children in a nonresidential setting,
17 designed to achieve objectives related to the needs of children at risk of out-of-home
18 placement; and

19 (ii) Is licensed or approved by the Department of Health and
20 Mental Hygiene, the Department of Human Resources, or the Department of Juvenile
21 Services.

22 (4) “Residential child care program” means a program that:

23 (i) Provides care for children 24 hours a day within a
24 structured set of services and activities designed to achieve objectives related to the
25 needs of the children served; and

26 (ii) Is licensed by the Department of Health and Mental
27 Hygiene, the Department of Human Resources, or the Department of Juvenile
28 Services.

29 (b) (1) The Department of Education, as the fiscal agent of the Children’s
30 Cabinet Fund under Title 8, Subtitle 5 of the Human Services Article, shall administer
31 and implement a redesigned rate setting process for nonpublic general education
32 schools, residential child care programs, and nonresidential child care programs.

1 (2) The Department of Human Resources, the Department of Juvenile
2 Services, the Department of Budget and Management, the Department of Health and
3 Mental Hygiene, and the Governor's Office for Children shall participate with the
4 Department in the development and implementation of rates in programs licensed or
5 approved by those agencies to the extent required by federal and State law.

6 (c) (1) A decision as to the amount or implementation of rates established
7 under this section may be appealed by sending a written request for appeal to the
8 Children's Cabinet.

9 (2) The request shall set forth the specific objections to the decision as
10 to the amount or implementation of rates established under this section.

11 (3) The Children's Cabinet or designees shall issue a final, binding
12 opinion upholding, reversing, or modifying the rates set by the Interagency Rates
13 Committee within 30 days after receipt of the request for appeal.

14 **(D) FOR FISCAL YEAR 2011 OR ANY FISCAL YEAR THEREAFTER, ANY**
15 **RATE ESTABLISHED UNDER THIS SECTION MAY NOT EXCEED A RATE EQUAL TO**
16 **3% LESS THAN THE RATE IN EFFECT ON JANUARY 20, 2010.**

17 16-305.

18 (c) (1) (i) **[The] FOR EACH FISCAL YEAR, THE** total State operating
19 fund per full-time equivalent student to the community colleges for each fiscal year as
20 requested by the Governor shall be[:

21 1. In fiscal year 2009, not less than an amount equal to
22 26.25% of the State's General Fund appropriation per full-time equivalent student to
23 the 4-year public institutions of higher education in the State as designated by the
24 Commission for the purpose of administering the Joseph A. Sellinger Program under
25 Title 17 of this article in the previous fiscal year;

26 2. In fiscal year 2010, not less than an amount equal to
27 23.6% of the State's General Fund appropriation per full-time equivalent student to
28 the 4-year public institutions of higher education in the State as designated by the
29 Commission for the purpose of administering the Joseph A. Sellinger Program under
30 Title 17 of this article in the same fiscal year;

31 3. In fiscal year 2011, not less than an amount equal to
32 24% of the State's General Fund appropriation per full-time equivalent student to the
33 4-year public institutions of higher education in the State as designated by the
34 Commission for the purpose of administering the Joseph A. Sellinger Program under
35 Title 17 of this article in the same fiscal year;

1 4. In fiscal year 2012, not less than an amount equal to
2 25% of the State's General Fund appropriation per full-time equivalent student to the
3 4-year public institutions of higher education in the State as designated by the
4 Commission for the purpose of administering the Joseph A. Sellinger Program under
5 Title 17 of this article in the same fiscal year;

6 5. In fiscal year 2013, not less than an amount equal to
7 27% of the State's General Fund appropriation per full-time equivalent student to the
8 4-year public institutions of higher education in the State as designated by the
9 Commission for the purpose of administering the Joseph A. Sellinger Program under
10 Title 17 of this article in the same fiscal year; and

11 6. In fiscal year 2014 and in each fiscal year thereafter,]
12 not less than an amount equal to [29%] **19.1%** of the State's General Fund
13 appropriation per full-time equivalent student to the 4-year public institutions of
14 higher education in the State as designated by the Commission for the purpose of
15 administering the Joseph A. Sellinger Program under Title 17 of this article in the
16 same fiscal year.

17 (ii) For purposes of this subsection, the State's General Fund
18 appropriation per full-time equivalent student to the 4-year public institutions of
19 higher education in the State for a fiscal year shall include noncapital appropriations
20 from the Higher Education Investment Fund.

21 **17-104.**

22 **(A) FOR ANY FISCAL YEAR, THE TOTAL AMOUNT OF GRANTS AWARDED**
23 **UNDER THIS SUBTITLE MAY NOT EXCEED \$5,000,000.**

24 **(B) THE MARYLAND HIGHER EDUCATION COMMISSION SHALL**
25 **DEVELOP CRITERIA FOR THE AWARD OF GRANTS UNDER THIS SUBTITLE TO**
26 **SELECTED INSTITUTIONS THAT DEMONSTRATE A FINANCIAL NEED FOR THE**
27 **FUNDS IN ORDER FOR THE INSTITUTIONS TO REMAIN IN OPERATION OR IN**
28 **ORDER TO PRESERVE ACCESS TO THE INSTITUTIONS FOR MARYLAND**
29 **RESIDENTS.**

30 18-1101.

31 There is a Distinguished Scholar Program of [350] **260** scholarships to be
32 awarded by the Office to residents of the State in the manner provided in this subtitle
33 for use at postsecondary institutions of higher education in the State.

34 18-1102.

35 (a) The Office shall annually select the [350] **260** secondary school students
36 who have the greatest potential for academic success in higher education as

1 determined by criteria established by the Office and offer a scholarship to each of
 2 these students to be used at any Maryland postsecondary institution of the student's
 3 choice, if the student meets the following qualifications:

4 (1) Qualifies academically as follows:

5 (i) Has a secondary school transcript indicating an overall
 6 academic grade point average of at least 3.7 on a 4.0 scale or its equivalent grade point
 7 average;

8 (ii) Is a finalist of the National Merit Scholarship Program or
 9 the Achievement Scholarship Program administered by the National Merit
 10 Scholarship Corporation; or

11 (iii) Has a superior creative talent or skill in art, music, dance,
 12 or the theater, as determined by an audition or portfolio review process established by
 13 the Office;

14 (2) Has matriculated at a postsecondary educational institution in the
 15 State; and

16 (3) Qualifies as a Maryland resident.

17 (b) (1) At least **[150] 110** of the **[350] 260** awards shall be granted to
 18 superior academic achievers whose secondary school transcripts indicate after the first
 19 semester of the junior year an overall academic grade point average of at least 3.7 on a
 20 4.0 scale, or its equivalent grade point average.

21 (2) At least 2 recipients who meet the qualifications specified under
 22 this section shall be selected from each county of the State.

23 18–1103.

24 The Office shall annually select a number of alternate scholarship awards under
 25 this subtitle. In the event the annual number of awards is not made, as provided in §
 26 18–1101 of this subtitle, the Office may make an award from the alternate list as
 27 necessary to assure that **[350] 260** awards are made annually.

28 Article – Health – General

29 2–302.

30 (a) The funding required in the State budget for local health services,
 31 exclusive of special fund and federal appropriations, shall be at least the amount set
 32 forth in subsection (b) of this section.

33 (b) **[The] FOR EACH FISCAL YEAR, THE** funding shall be[

1 (1) \$41.0 million for fiscal year 1997] \$37,283,484, TO BE
2 DISTRIBUTED AS FOLLOWS:

3	(1)	ALLEGANY COUNTY	\$908,719;
4	(2)	ANNE ARUNDEL COUNTY	\$3,141,951;
5	(3)	BALTIMORE CITY	\$6,675,053;
6	(4)	BALTIMORE COUNTY	\$4,302,255;
7	(5)	CALVERT COUNTY	\$369,812;
8	(6)	CAROLINE COUNTY.....	\$538,253;
9	(7)	CARROLL COUNTY	\$1,231,995;
10	(8)	CECIL COUNTY	\$806,392;
11	(9)	CHARLES COUNTY	\$994,528;
12	(10)	DORCHESTER COUNTY	\$428,709;
13	(11)	FREDERICK COUNTY	\$1,512,159;
14	(12)	GARRETT COUNTY	\$437,403;
15	(13)	HARFORD COUNTY	\$1,737,473;
16	(14)	HOWARD COUNTY	\$1,215,070;
17	(15)	KENT COUNTY.....	\$335,941;
18	(16)	MONTGOMERY COUNTY	\$3,014,680;
19	(17)	PRINCE GEORGE'S COUNTY.....	\$5,007,057;
20	(18)	QUEEN ANNE'S COUNTY.....	\$417,744;
21	(19)	ST. MARY'S COUNTY.....	\$808,576;
22	(20)	SOMERSET COUNTY	\$429,385;

- 1 **(21) TALBOT COUNTY.....\$328,705;**
2 **(22) WASHINGTON COUNTY\$1,381,306;**
3 **(23) WICOMICO COUNTY\$947,374; AND**
4 **(24) WORCESTER COUNTY.....\$312,944[; and**

5 (2) For fiscal year 1998 and each subsequent fiscal year, the amount of
6 funding for fiscal year 1997 adjusted for:

7 (i) Inflation, as measured by the Consumer Price Index — all
8 urban consumers for the second preceding fiscal year, calculated by the U.S.
9 Department of Commerce; and

10 (ii) Population growth, as measured by the growth in the total
11 population of the State of Maryland for the second preceding fiscal year, according to
12 the most recent statistics available through the Department of Health and Mental
13 Hygiene].

14 (c) [(1) For fiscal year 1997, no subdivision may receive less State funding
15 for local health services under this section than that subdivision received in fiscal year
16 1996.

17 (2) For fiscal year 1998 and each subsequent fiscal year, no
18 subdivision may receive less State funding for local health services under this section
19 than that subdivision received in fiscal year 1997.

20 (3)] The Secretary shall, in consultation with local health department
21 directors, adopt regulations to guide the distribution of the funding required under
22 this section. The regulations shall give consideration to appropriate measures of
23 community health need, local funding effort, and other relevant factors.

24 **Article – Human Services**

25 11–401.

26 [(a) In the State operating budget or in any supplemental budget that the
27 Governor submits to the General Assembly, the Governor shall appropriate at least
28 \$500,000 each year to the Maryland Legal Services Corporation Fund established
29 under § 11–402 of this subtitle.

30 (b) (1) To support or add to the appropriation under subsection (a) of this
31 section, on July 1 of each year, the Governor may transfer to the Fund up to \$500,000

1 from the portion of abandoned property funds deposited in the General Fund of the
2 State under § 17–317 of the Commercial Law Article.

3 (2) If, after deducting all costs of administering the abandoned
4 property fund, the balance in the portion of abandoned property funds deposited in the
5 General Fund of the State under § 17–317 of the Commercial Law Article is less than
6 \$500,000, only the balance may be transferred in accordance with paragraph (1) of this
7 subsection.

8 (c) Nonstate funds received by the Corporation shall be accounted for and
9 reported as receipts and disbursements separate and distinct from State funds.

10 11–402.

11 (d) The Fund consists of:

12 (1) money deposited to the Fund from the surcharge assessed in civil
13 cases under §§ 7–202 and 7–301 of the Courts Article;

14 (2) money appropriated to the Fund [under § 11–401 of this subtitle];

15 (3) interest on attorney trust accounts paid to the Fund under §
16 10–303 of the Business Occupations and Professions Article; and

17 (4) investment earnings of the Fund.

18 Article – State Finance and Procurement

19 7–325.

20 (a) For each fiscal year, the Governor shall include in the annual budget bill
21 submitted to the General Assembly a General Fund appropriation for the Maryland
22 State Arts Council in an amount not less than [the amount of the General Fund
23 appropriation for the Council as approved in the State budget as enacted by the
24 General Assembly for the prior fiscal year, increased by not less than the percentage
25 by which the projected total General Fund revenues for the upcoming fiscal year
26 exceed the revised estimate of total General Fund revenues for the current fiscal year,
27 as contained in the report of estimated State revenues submitted by the Board of
28 Revenue Estimates to the Governor under § 6–106(b) of this article] **\$6,500,000**.

29 Article – Tax – General

30 2–1104.

1 [(a) Except as provided in subsections (b) and (c) of this section, after] **AFTER**
2 making the distributions required under §§ 2–1101 through 2–1103 of this subtitle,
3 from the remaining motor fuel tax revenue, the Comptroller shall distribute:

4 (1) 2.3% to the [Chesapeake Bay 2010 Trust Fund] **GENERAL FUND**
5 **OF THE STATE**; and

6 (2) any remaining balance to the Gasoline and Motor Vehicle Revenue
7 Account of the Transportation Trust Fund.

8 [(b) For the fiscal year beginning July 1, 2008, instead of the distribution
9 required under subsection (a)(1) of this section, the Comptroller shall distribute 2.3%
10 of the remaining motor fuel tax revenue as follows:

11 (1) \$6,500,000 to the General Fund of the State; and

12 (2) the balance to the Chesapeake Bay 2010 Trust Fund.

13 (c) For the fiscal year beginning July 1, 2009, instead of the distribution
14 required under subsection (a)(1) of this section, the Comptroller shall distribute 2.3%
15 of the remaining motor fuel tax revenue as follows:

16 (1) \$8,385,845 to the General Fund of the State; and

17 (2) the balance to the Chesapeake Bay 2010 Trust Fund.]

18 2–1302.1.

19 [(a) Except as provided in subsections (b) and (c) of this section, after] **AFTER**
20 making the distributions required under §§ 2–1301 and 2–1302 of this subtitle, of the
21 sales and use tax collected on short–term vehicle rentals under § 11–104(c) of this
22 article the Comptroller shall distribute:

23 (1) 45% to the Transportation Trust Fund established under § 3–216
24 of the Transportation Article;

25 (2) **40% TO THE GENERAL FUND OF THE STATE**; and

26 [(2)] (3) the remainder to the Chesapeake Bay 2010 Trust Fund.

27 [(b) For the fiscal year beginning July 1, 2008, after the distribution required
28 under subsection (a)(1) of this section, the Comptroller shall distribute the remainder
29 of the sales and use tax collected on short–term vehicle rentals under § 11–104(c) of
30 this article as follows:

31 (1) \$18,500,000 to the General Fund of the State; and

1 (2) the remainder to the Chesapeake Bay 2010 Trust Fund.

2 (c) For the fiscal year beginning July 1, 2009, after the distribution required
3 under subsection (a)(1) of this section, the Comptroller shall distribute the remainder
4 of the sales and use tax collected on short-term vehicle rentals under § 11-104(c) of
5 this article as follows:

6 (1) \$13,100,711 to the General Fund of the State; and

7 (2) the remainder to the Chesapeake Bay 2010 Trust Fund.]

8 10-725.

9 (e) (3) (iii) 1. Except as otherwise provided in this subparagraph,
10 for any fiscal year, the Secretary may not issue initial tax credit certificates for credit
11 amounts in the aggregate totaling more than **THE LESSER OF:**

12 **A. \$3,000,000; OR**

13 **B.** the amount appropriated to the Reserve Fund for that
14 fiscal year in the State budget as approved by the General Assembly.

15 2. If the aggregate credit amounts under initial tax
16 credit certificates issued in a fiscal year total less than the [amount appropriated to
17 the Reserve Fund] **MAXIMUM** for that fiscal year **UNDER SUBSUBPARAGRAPH 1 OF**
18 **THIS SUBPARAGRAPH**, any excess amount shall remain in the Reserve Fund and may
19 be issued under initial tax credit certificates for the next fiscal year.

20 3. For any fiscal year, if funds are transferred from the
21 Reserve Fund under the authority of any provision of law other than under paragraph
22 (4) of this subsection, the maximum credit amounts in the aggregate for which the
23 Secretary may issue initial tax credit certificates shall be reduced by the amount
24 transferred.

25 **Article – Tax – Property**

26 9-103.

27 (h) As provided in the State budget, the State shall remit to each county or
28 municipal corporation an amount equal to [one-half] **25%** of the funds that would
29 have been collected if the property tax credit under this section had not been granted.

30 **Article – Transportation**

31 8-402.

1 (c) [(1)] During each fiscal year[, the]:

2 (1) A PORTION OF THE ACCOUNT SHALL BE DISTRIBUTED TO THE
3 GENERAL FUND OF THE STATE AS PROVIDED IN § 8-403(A)(1) OF THIS
4 SUBTITLE;

5 (2) THE Account shall be used to pay the allocations of highway user
6 revenues provided by this subtitle to the counties, municipalities, and Baltimore City;
7 and

8 [(2)] (3) The balance of the Account may be used as provided in §
9 3-216 of this article.

10 **Chapter 487 of the Acts of 2009**

11 SECTION 44. AND BE IT FURTHER ENACTED, That Section 3 of this Act
12 shall take effect July 1, 2009. [It shall remain effective for a period of 2 years and, at
13 the end of June 30, 2011, with no further action required by the General Assembly,
14 Section 3 of this Act shall be abrogated and of no further force and effect.]

15 SECTION 8. AND BE IT FURTHER ENACTED, That the Laws of Maryland
16 read as follows:

17 **Article – Transportation**

18 8-403.

19 (a) (1) FOR EACH FISCAL YEAR, AN AMOUNT EQUAL TO \$340,000,000
20 SHALL BE DISTRIBUTED FROM THE HIGHWAY USER REVENUES TO THE
21 GENERAL FUND OF THE STATE.

22 (2) Subject to [the limitation under paragraph (2) of this subsection
23 and subject to] §§ 3-307 and 3-308 of this article, during each fiscal year, of the total
24 highway user revenues, an amount shall be distributed to Baltimore City equal to [the
25 sum of:

26 (i) The greater of \$157,500,000 or 11.5% of the total highway
27 user revenues for the fiscal year; and

28 (ii) 11.5%] 42% of the amount by which:

1 [1.] (I) 30% of the total highway user revenues for the
 2 fiscal year [minus the greater of \$157,500,000 or 11.5% of total highway user revenues
 3 for the fiscal year]; exceeds

4 [2.] (II) [30% of the total highway user revenues for the
 5 fiscal year that began July 1, 1997 minus the greater of \$157,500,000 or 11.5% of the
 6 total highway user revenues for the fiscal year that began July 1, 1997] **THE AMOUNT
 7 DISTRIBUTED TO THE GENERAL FUND OF THE STATE UNDER PARAGRAPH (1)
 8 OF THIS SUBSECTION.**

9 [(2) If the amount distributed to Baltimore City under paragraph (1) of
 10 this subsection for any fiscal year is less than 12.25% of the total highway user
 11 revenues for the fiscal year, the amount distributed to Baltimore City for any
 12 subsequent fiscal year that begins before July 1, 2007 may not exceed 12.25% of the
 13 total highway user revenues for the fiscal year for which the distribution is made.]

14 (3) The amount distributed under **PARAGRAPH (2) OF** this subsection
 15 shall be distributed in monthly installments.

16 (b) Subject to §§ 3-307 and 3-308 of this article, during each fiscal year, 30%
 17 of the total highway user revenues, less the [amount] **AMOUNTS** distributed to **THE
 18 GENERAL FUND OF THE STATE AND TO** Baltimore City under subsection (a) of this
 19 section, shall be distributed to the counties and municipalities of this State at the
 20 times specified in § 8-407 of this subtitle.

21 SECTION 9. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 22 read as follows:

23 Article – Transportation

24 8-403.

25 (a) (1) **FOR EACH FISCAL YEAR, AN AMOUNT EQUAL TO \$340,000,000**
 26 **SHALL BE DISTRIBUTED FROM THE HIGHWAY USER REVENUES TO THE**
 27 **GENERAL FUND OF THE STATE.**

28 (2) Subject to [the limitation under paragraph (2) of this subsection
 29 and subject to] §§ 3-307 and 3-308 of this article, during each fiscal year, of the total
 30 highway user revenues, an amount shall be distributed to Baltimore City equal to [the
 31 sum of:

32 (i) The greater of \$157,500,000 or 11.5% of the total highway
 33 user revenues for the fiscal year; and

34 (ii) 11.5%] **42%** of the amount by which:

1 [1.] (I) 28.5% of the total highway user revenues for
2 the fiscal year [minus the greater of \$157,500,000 or 11.5% of total highway user
3 revenues for the fiscal year]; exceeds

4 [2.] (II) [28.5% of the total highway user revenues for
5 the fiscal year that began July 1, 1997 minus the greater of \$157,500,000 or 11.5% of
6 the total highway user revenues for the fiscal year that began July 1, 1997] **THE**
7 **AMOUNT DISTRIBUTED TO THE GENERAL FUND OF THE STATE UNDER**
8 **PARAGRAPH (1) OF THIS SUBSECTION.**

9 [(2)] (3) The amount distributed under **PARAGRAPH (2) OF** this
10 subsection shall be distributed in monthly installments.

11 (b) Subject to §§ 3–307 and 3–308 of this article, during each fiscal year,
12 28.5% of the total highway user revenues, less the [amount] **AMOUNTS** distributed to
13 **THE GENERAL FUND OF THE STATE AND TO** Baltimore City under subsection (a) of
14 this section, shall be distributed to the counties and municipalities of this State at the
15 times specified in § 8–407 of this subtitle.

16 **SECTION 10. AND BE IT FURTHER ENACTED,** That it is the intent of the
17 General Assembly that spending be further restrained in the annual State budget for
18 fiscal year 2011 and future fiscal years by implementation of the following actions:

19 (1) Limiting general fund appropriations for the State–operated
20 institutions of higher education in the University System of Maryland and Morgan
21 State University to an amount sufficient to provide general fund support at the same
22 level per full–time equivalent student as was provided in fiscal year 2007;

23 (2) Eliminating State funding for the Head Start program; and

24 (3) Eliminating State funding for the Maryland Zoo in Baltimore.

25 **SECTION 11. AND BE IT FURTHER ENACTED,** That:

26 (a) Subject to subsection (b) of this section, the repeal of § 10–721 of the Tax
27 – General Article under this Act shall be applicable to all taxable years beginning after
28 December 31, 2009.

29 (b) If a taxpayer’s taxable year for income tax purposes is not the calendar
30 year, for the taxable year that ends in calendar year 2010, the taxpayer may apply for
31 only a prorated credit for research and development expenses paid or incurred in the
32 taxable year for that part of the taxable year that falls in calendar year 2009.

1 SECTION 12. AND BE IT FURTHER ENACTED, That the changes to § 9–103
2 of the Tax – Property Article under this Act shall be applicable to all taxable years
3 beginning after June 30, 2010.

4 SECTION 13. AND BE IT FURTHER ENACTED, That Section 9 of this Act
5 shall take effect July 1, 2011, the effective date of Section 30 of Chapter 487 of the
6 Acts of the General Assembly of 2009. If the effective date of Section 30 of Chapter 487
7 is amended, Section 9 of this Act shall take effect on the taking effect of Section 30 of
8 Chapter 487. If Section 9 of this Act takes effect, Section 8 of this Act shall be
9 abrogated and of no further force and effect.

10 SECTION 14. AND BE IT FURTHER ENACTED, That, except as provided in
11 Sections 11 through 13 of this Act, this Act shall take effect June 1, 2010, and shall be
12 applicable to all fiscal years beginning on or after July 1, 2011.