

SENATE BILL 1040

B1

9lr3320
CF HB 1407

By: **Chair, Budget and Taxation Committee and Senators Ferguson, Guzzone, King, and Peters**

Introduced and read first time: March 4, 2019

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Budget Reconciliation and Financing Act of 2019**

3 FOR the purpose of authorizing or altering the distribution of certain revenue; altering
4 certain required appropriations; specifying that certain money received by a certain
5 department is included as a revenue source for a certain Fund; altering the cap on a
6 certain adjustment to a certain revenue estimate relating to nonwithholding income
7 tax revenues; altering, for a certain fiscal year, a certain budgeted Medicaid Deficit
8 Assessment; requiring a certain amount of money to be available in a certain Fund
9 at the end of a certain fiscal year to be used for a certain purpose; authorizing the
10 transfer of certain funds; making a stylistic change; and generally relating to the
11 financing of State and local government.

12 BY repealing and reenacting, without amendments,
13 Article – Education
14 Section 6–117.1(a)(1) and (3)
15 Annotated Code of Maryland
16 (2018 Replacement Volume and 2018 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Education
19 Section 6–117.1(e)(1)
20 Annotated Code of Maryland
21 (2018 Replacement Volume and 2018 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – State Finance and Procurement
24 Section 3A–309(a), (b), (e), (h), and (i) and 6–104(a)(1)
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
 2 Article – State Finance and Procurement
 3 Section 3A–309(f) and 6–104(e)
 4 Annotated Code of Maryland
 5 (2015 Replacement Volume and 2018 Supplement)

6 BY repealing and reenacting, with amendments,
 7 Chapter 397 of the Acts of the General Assembly of 2011, as amended by Chapter
 8 425 of the Acts of the General Assembly of 2013, Chapter 464 of the Acts of
 9 the General Assembly of 2014, Chapter 489 of the Acts of the General
 10 Assembly of 2015, Chapter 23 of the Acts of the General Assembly of 2017,
 11 and Chapter 10 of the Acts of the General Assembly of 2018
 12 Section 16(c)

13 BY repealing and reenacting, with amendments,
 14 Chapter 489 of the Acts of the General Assembly of 2015, as amended by Chapter
 15 321 of the Acts of the General Assembly of 2016
 16 Section 9(c)

17 BY adding to
 18 Chapter 489 of the Acts of the General Assembly of 2015, as amended by Chapter
 19 321 of the Acts of the General Assembly of 2016
 20 Section 9(d)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 22 That the Laws of Maryland read as follows:

23 Article – Education

24 6–117.1.

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

26 (3) “Program” means the Teacher Induction, Retention, and Advancement
 27 Pilot Program.

28 (e) (1) (i) For fiscal year 2018, the Governor shall include in the annual
 29 budget bill an appropriation of \$2,100,000 to the Program.

30 (ii) For fiscal year 2019, the Governor shall include in the annual
 31 budget bill an appropriation of \$3,000,000 for the Program.

32 (iii) For fiscal year 2020 and each fiscal year thereafter, the Governor
 33 shall include in the annual budget bill an appropriation of [~~\$5,000,000~~] **\$1,000,000** for the
 34 Program.

35 Article – State Finance and Procurement

1 3A-309.

2 (a) There is a Major Information Technology Development Project Fund.

3 (b) The purpose of the Fund is to support major information technology
4 development projects.

5 (e) Except as provided in subsection (f) of this section, the Fund consists of:

6 (1) money appropriated in the State budget to the Fund;

7 (2) as approved by the Secretary, money received from:

8 (i) the sale, lease, or exchange of communication sites,
9 communication facilities, or communication frequencies for information technology
10 purposes; or

11 (ii) an information technology agreement involving resource
12 sharing;

13 (3) that portion of money earned from pay phone commissions to the extent
14 that the commission rates exceed those in effect in December 1993;

15 (4) money received and accepted as contributions, grants, or gifts as
16 authorized under subsection (c) of this section;

17 (5) general funds appropriated for major information technology
18 development projects of any unit of State government other than a public institution of
19 higher education that:

20 (i) are unencumbered and unexpended at the end of a fiscal year;

21 (ii) have been abandoned; or

22 (iii) have been withheld by the General Assembly or the Secretary;

23 (6) any investment earnings; and

24 (7) any other money from any source accepted for the benefit of the Fund.

25 (f) The Fund does not include any money:

26 (1) received by the [Department of Transportation,] Maryland
27 Transportation Authority[,] or THE Maryland Public Broadcasting Commission;

28 (2) received by the Judicial or Legislative branches of State government; or

1 (3) generated from pay phone commissions that are credited to other
2 accounts or funds in accordance with other provisions of law or are authorized for other
3 purposes in the State budget or through an approved budget amendment.

4 (h) Expenditures from the Fund shall be made only:

5 (1) in accordance with an appropriation approved by the General Assembly
6 in the annual State budget; or

7 (2) through an approved State budget amendment under Title 7, Subtitle
8 2, Part II of this article, provided that a State budget amendment for any project not
9 requested as part of the State budget submission or for any project for which the scope or
10 cost has increased by more than 5% or \$250,000 shall be submitted to the budget
11 committees allowing a 30-day period for their review and comment.

12 (i) The Fund may be used:

13 (1) for major information technology development projects;

14 (2) as provided in subsections (j) and (l) of this section; or

15 (3) notwithstanding § 3A-301(b)(2) of this subtitle, for the costs of the first
16 12 months of operation and maintenance of a major information technology development
17 project.

18 6-104.

19 (a) (1) In this section, “nonwithholding income tax revenues” means the State
20 share of income tax quarterly estimated and final payments with returns made by
21 individuals, as defined in § 10-101 of the Tax – General Article.

22 (e) (1) Beginning with the revenue estimate for fiscal year 2020, the Bureau
23 shall calculate the share of General Fund revenues represented by nonwithholding income
24 tax revenues in accordance with this subsection.

25 (2) (i) For each fiscal year, the Bureau shall calculate the 10-year
26 average share of General Fund revenues represented by nonwithholding income tax
27 revenues.

28 (ii) 1. For each fiscal year, the 10-year average shall use the 10
29 most recently completed fiscal years for which data are available when the estimate is
30 prepared in the September before the beginning of the fiscal year.

31 2. The same 10-year average shall be used in all subsequent
32 revisions to the revenue estimate for that fiscal year.

1 (3) (i) Subject to subparagraph (ii) of this paragraph, for each fiscal
2 year, if the Bureau's estimate of the share of General Fund revenues from nonwithholding
3 income tax revenues is above the 10-year average share, the Bureau shall adjust the
4 revenue estimate by reducing General Fund revenues from nonwithholding income tax
5 revenues by an amount sufficient to align the estimated share of General Fund revenues
6 from nonwithholding income tax revenues with the 10-year average share of General Fund
7 revenues from nonwithholding income taxes.

8 (ii) The adjustment made under subparagraph (i) of this paragraph
9 may not exceed the following percentage of total General Fund revenues:

- 10 1. ~~[0.5%]~~ **0.25%** for fiscal year 2020;
- 11 2. 1% for fiscal year 2021; and
- 12 3. 2% for fiscal year 2022 and each fiscal year thereafter.

13 (iii) The capped estimate calculated under this paragraph shall be
14 incorporated in the revenue estimate the Bureau shall report to the Board in the report
15 required under subsection (b)(2) of this section.

16 **Chapter 397 of the Acts of 2011, as amended by Chapter 425 of the Acts of 2013,**
17 **Chapter 464 of the Acts of 2014, Chapter 489 of the Acts of 2015, Chapter 23 of**
18 **the Acts of 2017, and Chapter 10 of the Acts of 2018**

19 SECTION 16. AND BE IT FURTHER ENACTED, That, in addition to any other
20 revenue generated under § 19–214 of the Health – General Article, as amended by this Act:

21 (c) (1) For fiscal year 2015 and 2016, the Commission and the [Department of
22 Health and Mental Hygiene] **MARYLAND DEPARTMENT OF HEALTH** shall adopt policies
23 that will provide up to \$389,825,000 in special fund revenues from hospital assessment and
24 remittance revenue.

25 (2) For fiscal year 2017, the Governor shall reduce the budgeted Medicaid
26 Deficit Assessment by \$25,000,000 over the assessment level for the prior year.

27 (3) For fiscal year 2018, the budgeted Medicaid Deficit Assessment shall be
28 \$364,825,000.

29 (4) For fiscal year 2019, the budgeted Medicaid Deficit Assessment shall be
30 \$334,825,000.

31 (5) For fiscal year 2020, the budgeted Medicaid Deficit Assessment shall be
32 ~~[\$294,825,000]~~ **\$314,825,000.**

33 (6) Beginning with the State budget submission for fiscal year 2021, the
34 Governor shall reduce the budgeted Medicaid Deficit Assessment annually by \$25,000,000

1 over the assessment level for the prior fiscal year.

2 (7) To the extent that the Commission takes other actions that reduce
3 Medicaid costs, those savings shall also be used to reduce the budgeted Medicaid Deficit
4 Assessment.

5 (8) To the maximum extent possible, the Commission and the [Department
6 of Health and Mental Hygiene] **MARYLAND DEPARTMENT OF HEALTH** shall adopt
7 policies that preserve the State's Medicare waiver.

8 **Chapter 489 of the Acts of 2015, as amended by Chapter 321 of the Acts of 2016**

9 SECTION 9. AND BE IT FURTHER ENACTED, That, notwithstanding any other
10 provision of law:

11 (c) (1) Except as provided in paragraph (2) of this subsection **AND SUBJECT**
12 **TO SUBSECTION (D) OF THIS SECTION**, the remaining fund balance obtained from the
13 federal Medicare program or the Medicaid program may be used in fiscal years 2016
14 through 2019 to support integrated care networks designed to reduce health care
15 expenditures and improve outcomes for unmanaged high-needs Medicare patients and
16 patients dually eligible for Medicaid and Medicare, consistent with the goals of Maryland's
17 all-payer model.

18 (2) \$90,000 of the remaining fund balance obtained from the federal
19 Medicare program or the Medicaid program may be used in fiscal years 2016 and 2017 to
20 support the remaining expenses of the Maryland Health Insurance Plan.

21 **(D) (1) AT THE END OF FISCAL YEAR 2019, THE FUND BALANCE**
22 **OBTAINED FROM THE FEDERAL MEDICARE PROGRAM OR THE MEDICAID PROGRAM**
23 **SHALL BE NOT LESS THAN \$10,000,000.**

24 **(2) FOR FISCAL YEAR 2020, \$10,000,000 OF THE REMAINING FUND**
25 **BALANCE OBTAINED FROM THE FEDERAL MEDICARE PROGRAM OR THE MEDICAID**
26 **PROGRAM MAY BE USED BY THE MARYLAND DEPARTMENT OF HEALTH TO FUND**
27 **PROVIDER REIMBURSEMENTS IN THE MEDICAID PROGRAM.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That the unexpended
29 appropriation for a utilization review audit contract in Community Services (M00M01.02)
30 within the Developmental Disabilities Administration in the Maryland Department of
31 Health, that was included in the fiscal year 2019 operating budget (Chapter 570 of the Acts
32 of 2018) is reduced by \$2,309,355 in federal funds and \$3,124,422 in general funds, which
33 shall revert to the General Fund.

34 SECTION 3. AND BE IT FURTHER ENACTED, That the unexpended
35 appropriation for a financial management services contract for self-directed services in
36 Community Services (M00M01.02) within the Developmental Disabilities Administration

1 in the Maryland Department of Health, that was included in the fiscal year 2019 operating
2 budget (Chapter 570 of the Acts of 2018) is reduced by \$602,758 in federal funds and
3 \$815,496 in general funds, which shall revert to the General Fund.

4 SECTION 4. AND BE IT FURTHER ENACTED, That the unexpended
5 appropriation for residential per diems within the Department of Juvenile Services that
6 was included in the fiscal year 2019 operating budget (Chapter 570 of the Acts of 2018)
7 shall be reduced by \$4,000,000 in general funds.

8 SECTION 5. AND BE IT FURTHER ENACTED, That the unexpended
9 appropriation for correctional officer positions within the Department of Public Safety and
10 Correctional Services that was included in the fiscal year 2019 operating budget (Chapter
11 570 of the Acts of 2018) shall be reduced by \$15,000,000 in general funds.

12 SECTION 6. AND BE IT FURTHER ENACTED, That the unexpended
13 appropriation in the Medicaid program that was included in the fiscal year 2019 operating
14 budget (Chapter 570 of the Acts of 2018) shall be reduced by \$25,000,000 in general funds.

15 SECTION 7. AND BE IT FURTHER ENACTED, That, notwithstanding any other
16 provision of law, \$10,000,000 of the funds in the Economic Development Opportunities
17 Account under § 7–314 of the State Finance and Procurement Article shall revert to the
18 General Fund.

19 SECTION 8. AND BE IT FURTHER ENACTED, That the unexpended
20 appropriation for the Teacher Induction, Retention, and Advancement Pilot Program under
21 § 6–117.1 of the Education Article that was included in the fiscal year 2019 operating
22 budget (Chapter 570 of the Acts of 2018) shall be reduced by \$2,000,000 in general funds,
23 which shall revert to the General Fund.

24 SECTION 9. AND BE IT FURTHER ENACTED, That, notwithstanding any other
25 provision of law, for fiscal year 2020 only, \$2,000,000 from the Maryland Trauma Physician
26 Services Fund under § 19–130 of the Health – General Article may be used for Medicaid
27 provider reimbursements.

28 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 June 1, 2019.