

**Maryland State
and
District of Columbia
AFL-CIO**

MARYLAND GENERAL ASSEMBLY

LEGISLATIVE

SYNOPSIS

2007

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Information gathered from Scratch Sheets, Testimonies, Fiscal and Policy Notes, Legislative Wrap-Ups and 90 Day Report. For more information go to mlis.state.md.us or contact the MD/DC AFL-CIO

Maryland State and District of Columbia AFL-CIO Actions

The Maryland State and District of Columbia AFL-CIO circulated weekly Scratch Sheets to each Delegate and Senator directing support/opposition to bills impacting labor and workers. Bills were identified on the Scratch Sheets as “will be on the COPE record” and “may be on the COPE record”. Session 2007 bills defined as definite COPE record bills were HB 924/SB 735 Health Care Disclosure Act, HB 983/SB 614 Economic Development and Tax Accountability, and HB 129/SB 111, State Employees Collective Bargaining Negotiations.

Only HB 983 had a full floor vote with the House Ways and Means Committee moving it through committee and ushering it to a 96-41 vote on the House floor. The Senate Budget and Tax Committee thwarted this effort by voting unfavorably, 8-5 votes, on HB 983 and SB 614. The other bills were not moved in the committees. The Senate Finance Committee did not even give SB 111, Collective Bargaining for State Employee Negotiations a hearing.

Other bills supported by labor that passed both Houses with amendments include HB 430, Procurement Living Wage and HB 1180, Unemployment Insurance Maximum Benefit discussed further in this report.

Labor was successful in killing a number of bills. They included SB 430, Carroll County Prevailing Wage Exemption, SB 538/HB 848, Health Insurance Clean Claims, HB 662, Transportation Facilities Public-Private Partnerships, and HB 757/SB 422 Alcoholic Beverage Tax.

The Senate Finance Committee voted unfavorably two bills that would have benefited workers. SB 260/HB 212 Labor and Employment - Leave with Pay - Illness of Employee's Immediate Family and SB 585/HB 1058, Labor and Employment Meal Periods.

Labor lobbyists and activists met weekly at the State Fed headquarters prior to the Monday night session to review and plan for action on labor's bills. Allies from Good Jobs First, Jobs Opportunities Task Force, Progressive Maryland, Sierra Club, Smart Growth, Women's Legislative Agenda and others joined labor in support and opposition of numerous bills for working families.

The Maryland State and District of Columbia AFL-CIO Officers offered oral and written testimony on numerous bills affecting workers, the right to organize, social equality, corporate responsibility and increased taxes, gaming, and health care.

SENATE and HOUSE LEADERSHIP

The 2007 Maryland General Assembly began the four year terms of Senators and Delegates to the General Assembly. The Senate elected Thomas V. Mike Miller, Jr. to his 21st year as President of the Maryland Senate. He is the longest serving Senate President in Maryland's history and the longest serving presiding officer of any Senate chamber in the United States. Senator Nathaniel J. McFadden, previously the Majority Leader, began his first session as President Pro Tem. Senate floor leaders were Majority Leader Edward J. Kasemeyer and Majority Whip Lisa A. Gladden.

The House of Delegates elected Michael E. Busch for a fifth year as Speaker and Adrienne A. Jones, Speaker Pro Tem for a fifth year. Leaders were Majority Leader Kumar P. Barve and Majority Whip Talmadge Branch.

Eleven new Senators and 34 new Delegates joined their colleagues to make up the 188 member legislature.

ELECTION OF THE STATE TREASURER

The General Assembly elected the current Treasurer, Nancy K. Kopp, to a second four-year term. Kopp has been Treasurer since February 2002, when she was chosen to fill the unexpired term following the resignation of Treasurer Richard Dixon and was re-elected in January 2003. The Treasurer is the custodian of all stocks, bonds, and other investments of the State and of all securities and collateral pledged to the State. The Office administers the State's insurance programs and handles all details related to the issuance of the general obligation debt of the State. The Treasurer also serves with the Governor and the State Comptroller on the Board of Public Works.

CABINET APPOINTMENTS

The Senate Executive Nominations Committee is charged to examine appointments made by the Governor that require Senate confirmation. Departmental Secretaries appointed include:

- Department of Budget and Management – T. Eloise Foster, who served as Budget Secretary from 2000 to 2003 and earlier, 1991-1995, as Assistant Secretary of the Department of Budget and Fiscal Planning
- Department of the Environment – Shari T. Wilson, a former employee of the department with expertise in Smart Growth and other environmental issues, who most recently served as an attorney for the City of Baltimore
- Department of Health and Mental Hygiene – John M. Colmers, who previously held positions as Executive Director of the Maryland Health Care Commission and the Maryland Health Services Cost Review Commission
- Department of Natural Resources – John R. Griffin, who held the same office under former Governor Glendening and also had a long tenure as Deputy Secretary of the department, as well as service as General Manager of the Washington Suburban Sanitary Commission
- Department of Planning – Richard E. Hall, a long-time manager in the department, who has significant experience in planning and Smart Growth
- Department of Transportation – John D. Porcari, who served as Secretary from 1999 to 2003 and as Deputy Secretary from 1997-1998
- Higher Education – James E. Lyons, a former President of Bowie State University, 1983 – 1992, who will leave his current post as President of California State University, Dominguez Hills

- Labor, Licensing, and Regulation – Thomas E. Perez, former Montgomery County Council President and attorney in the federal departments of Justice and Health and Human Services during the Clinton administration, who was recently a candidate for Attorney General. Perez is also the first Hispanic to be selected
- Public Safety & Correctional Services – Gary D. Maynard, most recently the head of corrections in Iowa, who has worked in corrections since 1970 including service in Oklahoma, Arkansas, and South Carolina
- Agriculture – Roger L. Richardson, a farmer and businessman from the Eastern Shore
- Disabilities – Catherine Raggio, most recently was executive director of Independence Now, who has been an long-time advocate for people with disabilities
- Housing and Community Development – Raymond A. Skinner, who was the department's secretary under former Governor Glendening and currently is a consultant in Prince George's County
- Human Resources – Brenda Donald Walker who served as Washington, DC's Deputy Mayor for Children, Youth, Family and Elders under former Mayor Anthony Williams
- Aging – Gloria G. Lawlah, who represented Prince George's County in the General Assembly from 1991-2007 as a senator, and from 1987-1991 as a delegate
- Business and Economic Development – David W. Edgerley, who previously filled a similar role under former Montgomery County Executive Doug Duncan
- General Services – Alvin C. Collins, who was a former Chief of Staff to Governor Parris Glendening
- Juvenile Services – Donald W. DeVore, with experience as an independent monitor for two of Maryland's juvenile facilities, who was Director of Juvenile Services for Connecticut

PUBLIC SERVICE COMMISSION

Governor O'Malley named his choices for four of the vacancies on the Public Service Commission (PSC). All confirmed by the Senate.

Steven B. Larsen was selected as the next Chairman. Larsen, a former State Insurance Commissioner, was instrumental in stopping the for-profit conversion of CareFirst BlueCross BlueShield. Earlier he served as Chief Legislative Officer for Governor Parris N. Glendening and as staff in the Department of Legislative Reference. Larsen is currently the president and chief executive officer of Amerigroup Maryland Inc., a health insurer.

Susanne Brogan, once staff in the department, was a former legislative aide to Speaker Clayton Mitchell and more recently was a member of the PSC under Governors Schaefer and Glendening

Harold D. Williams., a current PSC member, was reappointed to a second term. Mr. Williams' tenure spanned almost twenty (20) years with the Baltimore Gas and Electric (BGE)

Lawrence Brenner was appointed to fill the position vacated by Charles R. Boutin who resigned. Judge Brenner is an administrative law judge at the Federal Energy Regulatory Commission (FERC). He also served as an administrative law judge with the U. S. Department of Labor.

Allen M. Freifeld, whose term expires in 2009, was a Commission Employee for over 24 years and is the first staff member in the history of the Commission to be appointed to the Commission.

BUDGET FY 2008

This year's final budget includes record amounts for school construction and higher education and does not create new taxes. However, the State is facing a structural budget deficit, projected to be about \$1.4 billion next year.

In odd numbered years, i.e. 2007, the House of Delegates moves its Budget Bill (Operating Budget) to the floor first, and HB 50 will be the measure that ultimately passes. In 2008, the Senate will handle the Budget Bill first. The Governor does not sign and may not veto the Budget Bill, as the bill takes effect on passage. The General Assembly may reduce the Governor's proposed amounts but may not increase them.

The Maryland Constitution requires that the budget be balanced and that the General Assembly pass the Budget Bill by the 83rd day of the session, which is April 2 this year. If the Budget Bill does not pass by the 90th day, the Governor must proclaim an extended session. During the extended portion of the session, the General Assembly may deal only with the Budget Bill and with the costs of the extended session. Only in 1992 did the General Assembly not pass the budget by the 90th day requiring an extended session.

HB 50, the \$30.3 billion Budget Bill, passed with \$228.6 million in reductions. As enacted, State spending from the General Fund increases 1.5%. The budget assumes no general tax increases and no revenue from new forms of gambling (slot machines).

Among the major features of the Budget Bill (Operating Budget):

- public schools receive \$5.2 billion, including a \$691 million increase, a 15.4% increase; nonpublic school textbook aid receives \$3.9 million, restoring the amount originally in the Governor's allowance; and the Maryland Department of Education assessment test funds are reduced by \$14.5 million;
- higher education receives \$4.6 billion, including \$1.6 billion in General Funds;
- Medical Assistance receives \$4.7 billion with a \$28.5 million reduction;
- Program Open Space and land preservation programs including the Chesapeake Bay Water Quality Project Funds and the Agricultural Land Preservation Program receive \$273 million;
- Stem Cell Research receives \$23 million, \$2 million reduction from the Governor's allowance;
- the Film Production Wage Credit Program receives \$4 million, a \$2.9 million reduction; and the Heritage Structure Rehabilitation Tax Credit receives \$15 million, a \$15 million reduction from the Governor's allowance;
- the InterCounty Connector allowance of \$53 million in the Dedicated Purpose Account in the State Reserve Fund is eliminated;
- State employees receive \$111 million for salary adjustment including a 2% cost-of-living-adjustment and \$600 in deferred compensation; and State employee hiring freeze savings of \$10 million are included in the Budget Bill.

CAPITAL BUDGET

The Maryland Consolidated Capital Bond Bill of 2007 (SB 56/HB 51), finances the majority of the State's capital programs. The capital budget does not consist of one bill, but of the \$826.8 million in general obligation bond funds in the "Maryland Consolidated Capital Bond Loan of 2007" (SB 56/HB 51) and approximately \$23 million in additional bond authorizations. The remainder consists

of funds in the Budget Bill and academic revenue bonds. These figures exclude transportation projects.

The Maryland Constitution does not allow a bond bill to pass until the Budget Bill is passed. In a bond bill, the General Assembly may increase the authorization for a project, or add a project, as well as delete or reduce projects.

HB 51, the Maryland Consolidated Bond Loan of 2007, authorizes \$826.8 million in general obligation debt. Major features are:

- public school construction receives \$385.8 million almost entirely in general obligation bond money;
- public higher educational institutions receive \$208.6 million including \$56.4 million for community colleges, \$28.8 million for the Tawes Building at the University of Maryland, College Park, \$64.2 million for the New Physical Education Complex at Coppin State University, and \$9.2 million for an oyster production facility at the University of Maryland's Horn Point Laboratory;
- environmental projects receive \$29.7 million, including \$3 million for the Community Parks and Playgrounds Program; the various Chesapeake Bay Water Quality Programs receive \$14.1 million, but the \$3 million for the oyster restoration program was deleted; and the Artificial Reef Initiative receives \$250,000; and
- State and local correctional facilities receive \$50 million.

ECONOMIC DEVELOPMENT AND BUSINESS TAX ISSUES

ECONOMIC DEVELOPMENT REPORTING

HB 983/SB 614, Economic Development and Tax Incentive Act, legislation driven by the State Fed for five years again passed the House, 96-41, and was thwarted by the Senate Budget and Taxation Committee with an 8-5 unfavorable vote...

The State plays a vital role in subsidizing economic development and job creation efforts by using millions of tax payer dollars in the form of grants, loans and tax credits as incentives to businesses, to subsidize economic development and job creation. Businesses commit to specific revenue or jobs creation goals at the beginning of the subsidy process.

The availability of complete, accurate, and timely information on the costs of subsidies and on compliance allows legislators and citizens to evaluate whether subsidies are a good investment of taxpayer dollars. HB 983/SB 614 required the State Department of Business and Economic Development and the State Department of Assessments and Taxation to report annually on all businesses receiving incentives from them in the amount of \$50,000.00 or more.

The report published in both written and electronic form included: Name and address of entity receiving the subsidy; Jobs created relative to stated goal; Wages paid in two dollar increments between minimum wage (\$6.15) and \$14.15 per hour; and Number of employees receiving health insurance, and type.

The Department of Business and Economic Development, the State Department of Assessments and Taxation. The Department of Labor, Licensing and Regulation, and the Comptroller supported SB 614/HB 983. All parties agreed to remove property tax abatements and TIFs because these are given at the county level. However, it is imperative to include property tax abatements by some means in the reporting. Property tax abatements are among the largest and longest-lasting subsidies

companies receive, and they can be devastating to the budgets of local schools. The use of tax-increment financing (TIF) and other subsidy programs significantly impact county school budgets.

The only opposition to the bill was the Maryland Chamber of Commerce and the Maryland Association of Manufacturers. Both testified at the Senate hearing that they opposed the bill. Among the reasons for their opposition was that employers may not know how many employees they have or how much they are paid and that this information was proprietary.

LIVING WAGE

Maryland became the first state in the nation to require certain contractors to pay a living wage to employees who perform work under State contracts. The living wage seeks to ensure that employees of State contractors do not live below the federal poverty level. Under the State's current minimum wage of \$6.15 per hour, full-time workers earn \$12,792 annually, which is just above the federal poverty level for a single person but well below the \$20,650 federal poverty level for a family of four. By contrast, full-time workers earning \$11.30 per hour earn \$23,504 annually. HB430 enacts for FY 2008 the living wage with specifics as follows:

- Living wage is set at \$11.30 per hour for Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore counties and Baltimore City.
- Living wage is set at \$8.50 for all other areas of the State, accounting for disparities in the cost of living across the State.
- The Commissioner of Labor and Industry will adjust these rates for inflation annually.
- The \$11.30 rate applies to eligible contracts in which contract services valued at 50 percent or more of the total value of the contract will be performed in the six jurisdictions subject to the higher rate, as determined by the contracting agency. The \$8.50 rate applies to all other eligible contracts.
- State contractors who subsidize the cost of health insurance for their employees may reduce the wages they pay by all or part of the hourly cost of their share of the insurance premiums.
- The Commissioner of Labor and Industry may allow employers who contribute to employees' deferred compensation plans to reduce the wages they pay by up to \$.50 per hour.
- The bill exempts contracts valued at less than \$100,000 from the living wage requirement, as well as contracts that provide emergency services to prevent or respond to imminent threats to public health or safety.
- The following employers are also exempt:
 - employers with fewer than 10 employees and contracts valued at less than \$500,000;
 - public service companies;
 - nonprofit organizations;
 - other State agencies; and
 - county governments (including Baltimore City).
- Contractors for any of the 19 State agencies that are exempt, in part or in full, from most of the State procurement law do not have to pay the living wage.

- The bill does not require employers to pay the living wage to employees who spend less than half of their time in any given week working on the contract, who are under the age of 17, or who work full-time for less than 13 consecutive weeks for the duration of the contract.
- The bill includes procedures for investigating complaints of noncompliance with the living wage law. It also includes penalties for employers who do not comply with the law.

The bill requires that several studies be conducted to evaluate the effects of the living wage. By December 1, 2007, the Commissioner of Labor must study the effect of the reduction in the living wage for employer contributions to deferred compensation plans on employees' standard of living. The Department of Legislative Services (DLS) must complete a study of the fiscal and economic effects of the bill on the public and private sectors by January 1, 2009. Every five years, the Commissioner of Labor must evaluate the inflation-adjusted living wage rates and determine whether counties are appropriately placed in each of the two living wage tiers.

FILM PRODUCTION EMPLOYER WAGE REBATE GRANT PROGRAM

As reported under the Budget section of this report the Legislature cut the Film Production Employer Wage Rebate Grant Program reducing it to 2005 levels and devastating the IASTE and SAG affiliates. However, in an effort to increase Maryland's appeal to film, television, commercial, and video production companies, the Legislature passed HB 1185 increasing the wage rebate subsidy of each qualifying company, and removing a cap on the total amount of the grant. Now the actual amount disbursed is at the discretion of the Department of Business and Economic Development.

CORPORATE INCOME TAXES

SB 395 included as income for corporate income tax purposes the compensation of an officer or director to the extent it exceeds 30 times the compensation of the lowest-paid full-time employee. The bill was not voted out of Committee.

RECORDATION AND TRANSFER TAXES

In Maryland, ownership of real property may be effectively transferred without payment of transfer and recordation taxes by transferring a controlling interest or ownership of an entity if the property is owned by a corporation, limited liability company, or partnership. HB475 (failed) would have imposed recordation and transfer taxes on the transfer of real property, with a value of \$1 million or more, when the transfer is achieved through the sale of a "controlling" interest in a corporation, partnership, limited liability company, limited liability partnership, or other form of unincorporated business. The bill would have provided an estimated \$14 million annually in additional State special fund revenues for Program Open Space and related programs and approximately \$48 million annually in additional local revenues. The bill required the counties to dedicate the additional revenue to school construction for a four-year period.

CAPTIVE REAL ESTATE INVESTMENT TRUSTS

SB 945/HB 1257, Income Tax Captive Real Estate Investment Trusts, requires that the dividends paid deduction be added back to federal taxable income to determine Maryland modified income of specified real estate investment trusts (REITs). The bills limit a company's ability to avoid the

Maryland corporate income tax by shifting income away from the State through the use of a captive Real Estate Investment Trust (REIT). A captive REIT is a REIT that is primarily owned by a single corporation. Some corporations have formed captive REITs and paid rent to themselves to avoid State taxes. REITs that meet certain conditions may deduct dividends paid to shareholders; the bills disallow, for State income tax purposes, the dividends paid deduction allowed under the Internal Revenue Code (IRC) for a captive REIT.

The fiscal impact of prohibiting the use of this tax avoidance mechanism cannot be precisely estimated; however, corporate income tax revenues could increase by \$10 million in fiscal 2008, \$13 million in fiscal 2009, and by \$10 million annually in fiscal 2010 and thereafter.

HEALTH CARE AND HEALTH INSURANCE

HEALTH CARE DISCLOSURE

State Medicaid budget pressures and the growing number of uninsured makes transparency regarding cost shifting and true drivers of costs essential. The Legislature tackled the multifaceted question of what is driving the costs of health care and considered several Health Care Reform bills all calling for expansion of Medicaid Program and the Maryland Childrens' Health Program MCHIP. For legislators to properly analyze the cost driver question, they need detailed information of the employment situation of the current participants in the Medicaid and MCHIP programs... This bill would have reported these two programs.

SB 735/HB 924, Health Care Disclosure Act required nothing new from applicants for these programs. Currently an applicant for Medicaid or MCHIP must identify their employer when applying for benefits. In addition, they must identify employers of all family members whose income is counted as family income for eligibility for the state health program. SB 735/HB 924 required nothing from businesses. Employer information is currently collected on the applications and verified for eligibility.

The bill required the Department of Health and Mental Hygiene to publish a report that identified all employers with 25 or more recipients of these state health programs. The report shall be subject to federal standards for the privacy of individually identifiable health information.

The only opposition to the bill was the Maryland Chamber of Commerce who testified that "the report would embarrass businesses". The bills failed to be voted out of either committee.

HEALTH CARE ACCESS REFORM BILLS

Characteristics of the bills introduced during 2007 included: expansion of eligibility for already established health care programs (SB 149, SB 207, SB 489, SB 547, HB 754, HB 132, HB 138), (SB 207 and HB 754) include an increase in the tobacco tax; establishment of a universal health care plan open to all State residents (HB 400 and SB 474); creation of a Health Insurance Exchange to provide a choice of plans to participating individuals and employer groups (SB 617, HB262); and institution of a Low-Income Health Insurance Premium Support Fund to assist low-income citizens to purchase health care (SB 619).

Bills that passed include:

- HB 1057 includes a provision of those bills which allows continuation of dependents up to age 25 to be covered under health insurance policies.

- SB 427/HB 579 offers a limited benefit plan under small group market health insurance to seasonal, temporary and part-time workers.
- HB 572, Personal Responsibility Study, requires the Maryland Health Care Commission (MHCC), in consultation with other specified agencies, to study the issue of personal responsibility for obtaining health care coverage. The study must address the affordability of health insurance; the need to subsidize health insurance for certain individuals; the use of incentives to encourage individuals to purchase health insurance; strategies to educate individuals and employers about the importance of health coverage; whether individual responsibility should be accompanied by some form of employer responsibility; enforcement issues; potential reductions in uncompensated care and government expenditures from personal responsibility provisions; and the need for religious exemptions from any proposed coverage requirement. A report with findings and recommendations is due by December 1, 2007.

WORKERS' RIGHT TO JOIN UNIONS AND UNION REPRESENTATION

STATE EMPLOYEES' UNIONS RIGHT TO NEGOTIATE

SB 111/HB129, State Employees Collective Bargaining Negotiations would have authorized collective bargaining negotiations to include negotiations relating to the right of an employee organization to receive service fees from nonmembers. Currently, Maryland is a right to work state for state and higher education employees in bargaining because it prohibits by law the exclusive representative to negotiate a service fee. There are approximately 33,000 State employees in 9 nonhigher education Executive Branch bargaining units with exclusive representatives, and 6,500 employees in 33 higher education bargaining units with exclusive representatives.

There are 23 states that either require state employees to pay a service fee or permit the fee to be mandated through collective bargaining. In some states, employees with a religious objection to paying the fee are exempt from paying it. In all states, some employees, such as managers or confidential employees are exempt from the collective bargaining law. In some states, supervisors are exempt. Service fees are also referred to as representation fees, agency fees, agency shop fees, or fair share fees.

The Senate refused to give the bill a hearing and the House failed to act in Committee on the bill.

INDEPENDENT PROVIDERS' RIGHT TO FORM AND JOIN A UNION

HB 1371/SB 968 would have granted independent Home Health Care providers who provide services that are reimbursed under the State Medical Assistance Personal Care Program or the State Waiver for Older Adults Program the right to form, join, or assist a labor organization for the purpose of collective bargaining; established procedures for the election of the exclusive representative of independent providers; and required the Department of Health and Mental Hygiene to issue a designation letter to the exclusive representative on receipt of the election results. There were approximately 425 active providers in the Older Adults Program and 2,250 in the Personal Care Program in calendar 2006.

HB 1318 would have enabled Family Child Care providers that participate in the Purchase of Care (POC) program to designate a provider organization to be the joint negotiating representative of all POC providers in Maryland. A provider organization may not call or direct a strike. There are

10,560 registered family child care providers in the State POC (currently called the Child Care Subsidy program).

As proposed, a provider organization seeking such designation must submit petitions signed by a specified percentage of providers after which an election must be held. Election costs must be paid by the provider organization or organizations on the ballot.

WORKERS' COMPENSATION

BENEFITS COST-OF-LIVING ADJUSTMENT

HB 1006 requires the Injured Workers' Insurance Fund (IWIF) to provide a COLA for permanent total disability payments arising from injuries occurring before January 1, 1998. As part of comprehensive workers' compensation reform, a cost-of-living adjustment (COLA) to workers' compensation payments for permanent total disability injuries was made part of the Maryland statutory benefit provisions beginning in 1988. Counties and municipalities, as well as nongovernmental units, are authorized to provide a COLA for pre-1998 events at their discretion. The bill applies retroactively to compensation paid by IWIF on or after October 1, 2006, and will affect approximately 140 claimants, including 43 workers who were injured while working for the State.

HB 1261 which the Committee did not act on would have provided increases to the maximum benefit for covered employees awarded compensation for less than 75 weeks for a permanent partial disability occurring on or after January 1, 2000. The maximum benefit would have increased from \$114 to one-fifth of the average weekly wage, currently equivalent to \$170. The bill applied to permanent partial disability claims filed on or after October 1, 2007.

BENEFITS FOR DEPENDENTS

SB 752/HB 1117 restore the practice in place prior to a Court of Appeals decision by allowing dependents of public safety personnel who died from an occupational disease to collect workers' compensation benefits in addition to retirement benefits. The bills entitle dependents of firefighting personnel, police officers, correctional officers, and deputy sheriffs to collect retirement benefits, as well as workers' compensation benefits, when the covered employees' death resulted from heart disease, hypertension, lung disease, or certain cancers. Under the bills, workers' compensation benefits are adjusted so that the weekly total of both sets of benefits do not exceed the weekly salary that was paid to the deceased public safety personnel.

RELEASE OF MEDICAL INFORMATION

SB 600 requires a health care provider to disclose a medical record on receipt of an authorization for the release of medical information that is included with a claim application form filed with the Workers' Compensation Commission. The bill is the result of extensive discussions among insurers and employee and employer representatives over how to address privacy concerns and the insurers' lawyers claims to delays caused by the system in place. Under SB 600, a claim application form filed for accidental personal injury or occupational disease must include an authorization by the claimant for the release of medical information, including information on the member of the body that was injured and a description of how the injury occurred.

An authorization for the release of medical information includes history, findings, patient charts, files, examination and progress notes, and physical evidence. The authorization is effective for one year after a claim is filed and does not restrict the redisclosure of medical information to a medical manager, health care professional, or certified rehabilitation practitioner. If the medical provider determines that information being requested is not relevant to the injured body part, the requestor will need to obtain a subpoena from the Workers' Compensation Commission in order for the information to be provided by the medical provider.

APPEALS – EVIDENCE

Written medical records and bills for health care expenses are admissible (in lieu of live testimony) in certain District Court and circuit court cases that involve personal injury damages or certain insurance benefits. The record may be admitted without the oral testimony of the health care provider to substantiate the condition of the claimant or the necessity of providing health care. These provisions do not apply to an appeal of a decision by the Workers' Compensation Commission in circuit court. Approximately 8 percent of commission decisions were appealed in 2006.

SB 550/HB 480 supported by labor but failed to be voted out of Committee would have authorized an appellee responding to an appeal of a commission ruling to introduce certain writings or records of a health care provider or health care facility without supporting testimony. These records would have been authorized for use as evidence of the existence of a health condition, a health care provider's opinion, the health care provided, or the necessity of this care. The bills also established procedures for notification and objections. The bills prompted significant discussion among the workers' compensation community – proponents contended that it cost too much for an injured worker to bring in a doctor to testify and therefore, cases that should be appealed are more often not. Opponents argued that it could increase litigation.

WORKERS' COMPENSATION COVERED EMPLOYEES PRIVATE SCHOOL STUDENTS

Just as employers of public school students who participate in unpaid work-based learning experience must secure workers' compensation coverage for these students, HB 271 requires employers to provide coverage to private school students participating in an unpaid work-based learning experience. Students are eligible for medical benefits, but not indemnity, as they work without pay. Of the 1,050,627 students enrolled in Maryland schools during the 2005-2006 school year, approximately 18 percent of those students, or 190,606 students, attended private schools. Under the bill, workers' compensation coverage for unpaid work-based learning experiences is limited to students placed by a county board of education or a private noncollegiate institution.

DOMESTIC WORKERS

HB 277 exempts employers from providing workers' compensation coverage for domestic workers who earn less than \$1,000 per quarter. This is an increase from the current earnings threshold of \$750.

JOINT COMMITTEE ON WORKERS' COMPENSATION BENEFIT AND INSURANCE OVERSIGHT

HB184 increases the membership of the joint committee from 14 to 15 to include a certified Maryland rehabilitation service provider registered with the Workers' Compensation Commission and appointed by the President of the Senate and the Speaker of the House. The Joint Committee on Workers' Compensation Benefit and Insurance Oversight is charged with examining and evaluating

the condition of the workers' compensation benefit and insurance structure in the State. The Joint Committee is also required to review the adequacy and appropriateness of all workers' compensation benefits and make recommendations for necessary changes.

WORKER HEALTH AND SAFETY

ELEVATOR SAFETY

HB 494, Authorized Inspections by Third-party Qualified Elevator Inspectors, authorizes third-party qualified elevator inspectors to perform periodic annual no-load test inspections if the inspector meets qualifications, insurance requirements, and procedures established by the Commissioner of Labor and Industry. State inspectors are required to continue to inspect all elevator installations, modifications, and alterations.

A building owner may contract with a qualified third-party elevator inspector for a no-load test inspection at his or her discretion. If an inspection by a qualified third-party elevator inspector discloses that an elevator is unsafe, the inspector is required to immediately notify the Commissioner of Labor and Industry. Upon notification, the Commissioner is required to conduct an inspection of the unsafe condition to determine whether to issue a citation and assess penalties.

HIGHWAY WORKER SAFETY

According to the Federal Highway Administration, in 2004, 1,068 fatalities resulted from motor vehicle crashes in highway work zones. Of these, 83 percent occurred where the speed limit was 45 miles per hour or greater. In an effort to enhance the safety of individuals working on State highways SB 699 requires the SHA, MdTA, or the appropriate local authority to implement safety measures to protect construction, maintenance, utility, and other highway workers. The safety measures apply to work on an expressway or controlled access highway with a speed limit of 45 miles per hour or more.

The specific procedures to be implemented are left to the appropriate authority's discretion, SB 699 does require that for roadway work expected to last at least two weeks, priority must be given to the temporary or full closure of the roadway after consideration of various factors such a safety of the traveling public and availability of detours. When it is not feasible to close the roadway, or for projects on the shoulder, the bill requires appropriate authority to consider protecting highway workers by using barrier systems, such as temporary traffic barriers, movable concrete barriers, or movable link-system barriers, when the work is expected to last at least two weeks. Alternatively, the appropriate authority may provide for the presence of a law enforcement officer at the construction site if using barriers or closing lanes is not feasible.

STATEWIDE SMOKING BAN IN PUBLIC PLACES AND THE WORKPLACE

Maryland follows 11 other states in passing a comprehensive, statewide smoke-free law. SB 91/HB 359 prohibit smoking in indoor places open to the public and indoor places of employment throughout Maryland beginning February 1, 2008. This includes government buildings, restaurants, bars, residences used as a business or place of employment by a licensed family child care provider, and government-owned or government-operated means of transportation. Exceptions for hotels, motels, and retail tobacco businesses are provided under limited circumstances.

There are also exceptions for facilities of a manufacturer, importer, wholesaler, or distributor of tobacco products or a tobacco leaf dealer or processor, and research or educational laboratories conducting scientific research into the health effects of tobacco smoke. The Department of Labor, Licensing, and Regulation is required to adopt regulations that prohibit environmental tobacco smoke in indoor places of employment not normally open to the general public. The penalty for violating the workplace smoking ban is a written reprimand for a first violation, a civil penalty of \$100 for a second violation, and a civil penalty of not less than \$250 for subsequent violations. Revenue collected from the enforcement of the monetary penalty are to be paid to the Cigarette Restitution Fund established under the bills.

The department must report annually to the General Assembly on their enforcement efforts to eliminate smoke from indoor places of employment. Additional civil penalties apply to employers that discharge or discriminate against employees because the employee has taken certain action against the employer suspected of violating the smoking ban; however, an employee is prohibited from making groundless, malicious, or bad faith action against an employer.

UNEMPLOYMENT INSURANCE

MAXIMUM WEEKLY BENEFIT – INCREASE

The weekly unemployment insurance benefit amount that a claimant is eligible for is based on the quarterly wages paid to the claimant for covered employment during the calendar quarter of the claimant's base period in which those wages were highest. The maximum benefit amount has increased three times in the last decade (2000, 2002, and 2005) by a total of \$80. The last maximum benefit increase, implemented under Chapter 169 of 2005, replaced 47 percent of the average weekly wage in 2005 but only replaces 41 percent of the average weekly wage in 2007 (\$823). Any amount earned over \$100 in a single week while a claimant is receiving benefits is deducted from the weekly benefit the claimant would be eligible to receive.

HB 11180 alters the schedule of weekly unemployment insurance benefits to increase the maximum weekly benefit amount by \$40, from \$340 to \$380. (The bill as introduced would have increased the maximum weekly benefit by a total of \$120 over three years.) Under the bill as amended, a claimant who earns more than \$9,096 during the high quarter and at least \$13,680 in the remaining quarters is eligible for the increased weekly benefit of \$380. The maximum weekly benefit increase applies to claims filed on or after October 7, 2007, and replaces 46 percent of the average weekly wage in 2007. Benefit payments are expected to increase by \$21.9 million in fiscal 2008, \$29.5 million in fiscal 2009, and \$29.9 million in fiscal 2010. In fiscal 2006, the State administered unemployment benefits to approximately 94,000 claimants.

JOINT COMMITTEE ON UNEMPLOYMENT INSURANCE OVERSIGHT

In 2005, the General Assembly significantly altered the unemployment insurance system by replacing the experienced tax rates and flat rate surcharge system with a single overall experienced tax rated system and increasing the maximum weekly benefit amount. This reflects the recommendations of the Unemployment Insurance Funding Task Force, which subsequently became the Joint Committee on Unemployment Insurance Oversight. The joint committee was charged with studying the impact of the changes made by the legislation and was required to make final recommendations to the Maryland General Assembly; although terminated on December 31, 2006, the joint committee issued the report with recommendations on January 31, 2007.

SB 720/HB 1031 re-establish the Joint Committee on Unemployment Insurance Oversight to continue studying the condition of the unemployment insurance system. The joint committee may also continue to examine the need for any additional alterations to the unemployment insurance system. Following the passage of HB 1180, the joint committee is expected to evaluate the impact of other changes to the system, such as the feasibility of indexing benefits to inflation. The membership of the joint committee is expanded to include an additional representative of the labor community and the National Federation of Independent Business, increasing the total membership from 13 to 15 members. The joint committee must report to the General Assembly by December 31 of each year and will terminate on December 31, 2010.

TAXABLE WAGE BASE CALCULATION – CLARIFICATIONS

HB 1323 clarifies the calculation of the taxable wage base under existing unemployment insurance law, depending on whether the employer is determined to be a reorganized employer, successor employer, or new employer. When an employer is determined to be a reorganized or successor employer, and the unemployment insurance rate of the predecessor employer is transferred to the reorganized or successor employer, the wages and taxes for employees which have already been paid in that calendar year are also transferred. When an employer is determined to be a new employer, and a new employer is assigned a new unemployment rate, the new employer pays taxes on the first \$8,500 of each employee's wages and does not get credit for prior wages on which taxes were paid.

NEW OR EMERGING INDUSTRIES IN MARYLAND

BASE REALIGNMENT AND CLOSURE (BRAC)

Congress enacted the Defense Base Realignment and Closure Act of 1990 to rework the federal process for addressing an excess capacity of military facilities, commonly known as "BRAC." The 2005 BRAC represented the first major base closure and realignment activity in 10 years. Through the 2005 BRAC, Maryland is expected to gain approximately 16,000 Department of Defense military and civilian jobs, phased in from 2005 to 2011. All 2005 BRAC recommendations must be implemented by 2011. The State's primary employment gains are at Aberdeen Proving Ground, Fort George G. Meade, and the newly renamed Walter Reed National Military Medical Center and are expected to be highly skilled, well-paid jobs.

In a December 2006 report, the Maryland Department of Planning advised that it anticipates about 28,176 new households concentrated in Harford (26%), Anne Arundel (18%), and Baltimore counties (14%), followed by Baltimore City (10%), Montgomery (9%), Cecil and Prince George's (8% each), and Howard (7%) counties. About 53% of the new households are projected to be high-income (over \$75,000 annually). An additional 28.4 percent are projected to be middle-income (\$30,001 to \$75,000 annually) households. SB 110 creates a 10-member BRAC subcabinet in State government chaired by the Lieutenant Governor and staffed by DBED. The subcabinet includes the State Superintendent of Schools, and the secretaries of Budget and Management; Business and Economic Development; Environment; Higher Education; Housing and Community Development; Labor, Licensing, and Regulation; Planning; and Transportation. The subcabinet is required to report to the Governor and the General Assembly annually on State action to support the mission of military installations. The subcabinet is charged with several tasks, including:

- coordinating and overseeing the implementation of all State action to support the mission of military installations affected by BRAC;

- coordinating and overseeing the development of BRAC-related initiatives in various areas, including education, workforce readiness, community infrastructure and growth, health care facilities and services, workforce housing, and transportation;
- working with local jurisdictions affected by BRAC to facilitate planning, coordination, and cooperation with the State;
- collaborating with and reviewing the recommendations of the Maryland Military Installation Council; and
- making policy and budget recommendations to the Governor and the General Assembly to strengthen State support of military installations.

Subcommittees of the subcabinet may be established to deal with particular issues and may include other cabinet members and other individuals such as State and local officials and private citizens.

HB 1320 creates the Joint Committee on Base Realignment and Closure. The joint committee is composed of six senators and six delegates. The committee must provide continuing legislative oversight of the State's response to BRAC-related opportunities and changes. In cooperation with local and State units it must also oversee and participate in developing systems and processes that fast track the approval of BRAC-related:

- transportation infrastructure;
- water and sewer infrastructure;
- State and local planning processes;
- affordable housing options;
- education facilities, including public school and community college construction; and
- health care facilities and infrastructure.

BOATING INDUSTRY

The recreational boating impact on the Maryland economy in 200 was approximately \$1.6 billion factoring in the indirect and induced effects of the \$970 million spent by recreational boaters. SB 165/HB 305, establish a Task Force to Study the Boating Industry in Maryland to evaluate and make recommendations regarding growing the boating industry in the State. The task force is charged with several tasks including:

- evaluating incentives to encourage large boats and yachts to use marinas and boatyards for recreation, repair, and outfitting in the State;
- determining ways to encourage and promote tourism throughout waters of the State;
- researching the economic impact that marine industries and recreational boaters contribute to the State's economy; and
- identifying barriers that limit the State's competitiveness with other states regarding the boating industry and developing methods to overcome those barriers.

BIOSCIENCE

There is fierce competition, globally and nationally, to grow, expand, and attract the bioscience industry. Maryland has the third or fourth largest State cluster of bioscience companies in the nation and the second largest per capita in the nation. According to MdBio, Inc., a regional trade association, in 2006 an estimated 360 private bioscience companies were located in Maryland, employing approximately 23,200 people.

SB 104/HB 135 establish a 15-member Life Sciences Advisory Board (LSAB) in DBED. Life sciences include biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, food sciences, environmental sciences, and biomedical devices. LSAB must assist DBED in several tasks, including:

- promoting life science research, development, commercialization, and manufacturing in the State;
- promoting collaboration and coordination among life sciences organizations in the State and among research institutions of higher education in the State;
- developing a strategy to coordinate State and federal resources to attract private-sector investment and job creation; and
- developing a strategy to support federal life sciences facilities in the State, including support for infrastructure and capital investment needs.

BABY BOOMER INITIATIVE COUNCIL

Individuals born between 1946 and 1964 are generally referred to as the baby boomer generation. The U.S. Census Bureau estimates that there were 78 million baby boomers in the United States as of July 1, 2005. According to the Census Bureau, an estimated 7,918 people turned 60 years old each day in 2006, equivalent to 330 people each hour. This generation is expected to have a significant impact on how retirement and aging is perceived and treated in the United States.

SB700/HB 599 establish a Baby Boomer Initiative Council consisting of representatives of State government and appointed members of the business, education, and aging communities. The council is charged with making recommendations for addressing the needs of the baby boomer population, utilizing baby boomers as a source of social capital, promoting multigenerational civic activities for baby boomers following their exit from career-track work, and studying and documenting health benefits derived from baby boomers' active engagement in multigenerational civic activities. The bills require the University of Maryland representative on the council to initiate a study documenting the economic and social impact of older workers' roles in the economy and in the community. By December 31, 2008, and each year thereafter, the council is required to report its findings to the Governor and the General Assembly. The council terminates in 2011.

ELECTION REFORM

The General Assembly considered nearly 70 proposals related to Maryland's election laws regarding the national presidential election and state elections.

PRESIDENTIAL PRIMARY ELECTION DATE

Over 20 states have scheduled or are considering scheduling primaries or caucuses for February 5, 2008. The intention is to gain greater exposure to presidential campaigns and to gain greater relevance in the nomination of party candidates for voters in those states.

SB 1025/HB 1434 move Maryland's presidential primary date from the first Tuesday in March to the second Tuesday in February (which in 2008 will fall on February 12). The legislation alter various pre-election deadlines and campaign finance report filing requirements to adjust for the earlier primary date. Virginia has also set February 12 as a presidential primary date.

The National Popular Vote, Inc., a nonprofit organization cites the concentration of presidential campaigning in a minority of closely divided states and the ability of a candidate to win the presidency without winning the national popular vote as the major shortcomings of the existing electoral college system. While the electoral college system is a part of the U.S. Constitution, the Constitution also gives the power to the states as to the manner in which electors are appointed.

NATIONAL POPULAR VOTE

SB 634/HB 148 enter Maryland into the Agreement Among the States to Elect the President by National Popular Vote with the State's commitment to the agreement to take effect when the agreement is enacted in substantially the same form by states cumulatively possessing a majority of the electoral votes. Under the agreement, each state agrees to commit its electoral votes (a number equal to the aggregate of its U.S. Senators and Representatives) to the national popular vote winner, and the agreement would take effect when a sufficient number of states possessing a majority of the electoral votes nationwide have joined the agreement by enacting the proposal into their state law. Thus, in subsequent elections, the national popular vote winner would receive a majority of the electoral college votes.

EARLY VOTING

An August 2006 court ruling invalidated Maryland's early voting law, first enacted in 2006, as unconstitutional. The court held that the early voting laws were inconsistent with, and in derogation of, certain provisions of the Maryland Constitution, in particular the provisions that specify the date of general elections and that indicate a person is entitled to vote only in the ward or election district in which the person resides.

SB 1 proposes an amendment to the Maryland Constitution that will appear on the ballot at the general election in November 2008. If approved by the voters, the Maryland Constitution will be amended to give the General Assembly the power to provide by law a process to allow voters to vote early at polling places in or outside of their election districts or wards or, during the two weeks immediately preceding an election, on no more than 10 other days prior to the dates specified in the Maryland Constitution. The amendment also would clarify the General Assembly's power to provide for absentee voting for, in addition to voters who are absent at the time of an election or are unable to vote personally, those voters who might otherwise choose to vote by absentee ballot. SB1 also specifies that the early voting laws struck down by the Court of Appeals may not take effect if

the amendment becomes effective, and that sections of the Annotated Code relating to early voting are repealed.

VOTER-VERIFIABLE PAPER RECORDS

SB 392/HB 18, contingent on sufficient funding no later than FY2009 and applying to each election occurring on or after January 1, 2010, specify that State Board of Elections may not certify a voting system unless it provides a voter-verifiable paper record.

During the 2006 elections, 22 states required Direct Recording Electronic (DRE) voting machines to produce a voter-verified paper record. Fifteen states including Maryland and the District of Columbia used DREs and did not require voter-verified paper records. The State entered into a contract to purchase DREs in 2002 from Diebold Election Systems, Inc. The voting system was implemented in three phases, a process which was completed in 2006, with all jurisdictions using the machines in the September and November 2006 elections. Numerous studies, including one by Johns Hopkins University, reported on the vulnerability of the Diebold system to the possibility of physical tampering and electronic modification of election results.

CAMPAIGN FINANCING

Among the unsuccessful proposals this session were bills that would have required public financing for campaigns for candidates for the General Assembly. SB 546/HB 731 called for the creation of a comprehensive system of fully funded election campaign financing for qualifying candidates for the General Assembly. Last year public funding of campaigns was passed by the House but the Senate failed to act on it. This session SB 546 passed the Senate EHEA Committee but failed on the Senate floor by one vote, 23-24.

Also unsuccessful was SB 227/HB 816, requiring that campaign finance contributions by two or more business entities be attributed to one business entity if one is a wholly owned subsidiary of another or if the business entities are owned or controlled by at least 80% of the same individuals. The bills also defined the term "business entity" to include a corporation, a general or limited partnership, a limited liability company, or a real estate investment trust.

GAMING and RACING

Successful legislation includes SB 817 which repeals certain restrictions on holding live thoroughbred racing at night and on Sundays by mile thoroughbred racing licensees and repeals a restriction on holding Sunday racing by the Maryland State Fair and Agricultural Society.

Legislation to expand gambling in Maryland to include video lottery terminals (slot machines) all failed. SB 950, the Education Funding Act of 2007, proposed up to 15,500 video lottery terminals (slot machines) at 4 racetrack sites and 3 non-racetracks sites in the State. Proceeds would be distributed as follows: 4.3% (5% the first year) to the State Lottery Commission to cover costs; 5% in a local development grant to the county in which a video lottery facility is located; 5.8% to the Purse Dedication Account (5.1% the first year); and the rest to the Education Trust Fund.

Other failed gaming bills included HB 17 that would have authorized up to 12,500 slot machines at up to 5 horse racetracks; SB 541 that would have authorized up to 15,500 slot machines at up to 16 licensed gaming vessels; HB 166 proposed a Constitutional amendment, would have authorized slot machines only if a majority of votes cast in the proposed county were in favor; and SB 216 would have required a straw ballot question on the 2008 general election ballot to ask voters if they

support locating slot machines at up to 3 racetracks and 3 nonracetrack locations. SB 98 would have authorized all counties to license slot machines that are owned and operated by nonprofit organizations.

Other measures were SB 536 that would have required \$250,000 of State Lottery net revenues be distributed annually to provide grants for compulsive gambling treatment; SB 537 that would have created a Commission on Gambling Addiction within the Department of Health and Mental Hygiene; and HB 125 that would have established a Task Force to Study Charitable and Commercial Gaming Activities.

TRANSPORTATION

TRANSIT SERVICE FOR LOW-INCOME INDIVIDUALS

SB 461 requires the Maryland Department of Transportation to issue weekly transit passes for local bus, light rail, or metro subway service provided by the Maryland Transit Administration to eligible training organizations. Under the bill, those training organizations must provide transit passes to individuals receiving employment and training services through a workforce investment training program. Reimbursements would be made to the department by the training organization for the cost of the training passes; the local workforce investment board must then reimburse training organizations for the costs of the weekly passes.

Established in 1983, the Governor's Workforce Investment Board is comprised of 12 local boards within Maryland. The local workforce investment boards provide core services such as job search and placement assistance, skills assessments, labor market information, and job retention services. Although income is not an eligibility requirement for participants in these programs, preference is given to public assistance recipients and other low-income clients.

Public-Private Partnerships

A public-private partnership is an arrangement by which private entities assume some of the design responsibility or share the financial responsibility for a public project. Public-private partnerships (P3s) have been used to finance billions of dollars worth of new highway projects in the United States and may take several forms. By regulation, MdTA has the authority to enter P3 arrangements for transit-oriented development, design-build contracts, and other relationships with the private sector. MdTA has undertaken several P3 projects using nontraditional financing mechanisms to finance transportation-related projects such as port and airport support facilities.

MdTA is currently using a design-build partnership to build the planned express toll lanes on Interstate 95. Under this arrangement, MdTA is responsible for a portion of the design process, while a private entity will finish the design and build the road. The State Highway Administration (SHA) has built other highways in Maryland using such an approach. In addition, in the fall of 2006, MdTA issued a request for expressions of interest for private entities to design, build, and operate high occupancy toll lanes along the Corridor Cities Transit way.

HB 662 expanding public-private partnerships failed with opposition from labor. However, the Secretary of Labor is working with the sponsor to develop regulations without legislation to use public-private partnerships to expand Route 270.

In response to concerns about private entities controlling the operation and maintenance of public transportation facilities, HB 227 requires MdTA to provide 45-day notice to specified legislative committees before issuing a public notice of procurement for a P3 that allows private control over

the operation or maintenance of an existing or future revenue-generating highway, bridge, tunnel, or transit facility. Moreover, before entering into such a P3, MdTA must submit a description of the proposed lease agreement and a financing plan that includes the length of the lease, the scope of any toll-setting authority to be granted to the private entity, the scope of any payments to the MdTA, and certain contractual requirements pertaining to the operation and maintenance of the facility and oversight. The provision to require final approval from the General Assembly was removed prior to passage.

TRANSPORTATION REVENUES

Concerns over limited growth in revenues from existing sources, together with increasing demands on the Transportation Trust Fund (TTF) from various sources, including increased operating expenditures, mass transit funding needs, and the funding needs for the InterCounty Connector, led to various proposals in recent years for new revenues dedicated to transportation needs. Several proposals failed that were introduced to provide substantial new additional revenues for transportation. HB 761 would have produced an estimated \$145 million for the TTF in fiscal 2008 by increasing the rate of the State motor vehicle titling tax from 5 to 6 percent. HB 821 would have generated roughly \$775 million in annual revenues, by (1) increasing the motor fuel tax rates by 10 cents per gallon, except aviation gasoline and turbine fuel, which would have increased by 3 cents per gallon; and (2) imposing the State's 5 percent sales and use tax on the sale of motor fuel. SB 949 would have increased the motor fuel tax rates (other than for aviation gasoline and turbine fuel) by 12 cents per gallon and provided for potential additional rate increases based on increases in the average wholesale price of motor fuel in the State. TTF revenues would have increased by approximately \$400 million annually under the bill.

During the economic downturn of the early 2000s, \$314.9 million was transferred from the Transportation Trust Fund (TTF) to the general fund. Of this amount \$50 million was transferred to the TTF as partial repayment in fiscal 2006 Chapter 472 of 2005, required subsequent transfers of \$264.9 million from the general fund to the Maryland Transportation Authority (MdTA) to finance the InterCounty Connector (ICC), beginning in fiscal 2008. To aid in balancing the fiscal 2008 budget, the Governor proposed legislation, SB 73/HB to defer mandated general fund payments until a subsequent year. Although these bills altering the funding mandate were not passed, the purpose was affected through the budget process by deleting funds allowed for the ICC in fiscal 2008.

MASS TRANSIT FUNDING

On January 11, 2007, Representative Tom Davis of Virginia reintroduced legislation in the U.S. Congress to provide federal funding for the Washington Metropolitan Area Transit Authority (WMATA). This pending federal legislation, H.R. 401, authorizes \$1.5 billion in federal funding for WMATA over 10 years and requires that certain amendments to the WMATA compact be enacted by the signatories (Virginia, Maryland, and the District of Columbia). He introduced similar legislation during the 109th Congress.

One of the conditions of the proposed federal legislation requires each compact jurisdiction to identify a dedicated funding source "for the cost of operating and maintaining the adopted regional system." Furthermore, the legislation defines dedicated funding source as "any source of funding which is earmarked or required under State or local law to be used for payments." The Transportation Trust Fund has been identified as Maryland's dedicated funding source.

In addition to the funding requirements of H.R. 401, in January 2007, the Maryland Transit Funding Study Steering Committee reported on the funding needs of mass transit throughout the State. The Steering Committee projected a mass transit funding shortfall of \$950 million by 2012, with projected shortfalls reaching \$13.5 billion by 2027. The Steering Committee recommended a variety of revenue enhancements for mass transit, including an increase to the State sales tax. The Steering Committee found that sales tax revenue is a prevalent source of funding for mass transit projects across the nation. To address the funding shortfalls identified by the Steering Committee, and despite assurances that the TTF would fulfill the dedicated funding requirements of the Davis bill, a number of bills proposing increases in the state sales tax and dedication to a Mass Transit Account to fund the capital and operating expenses of the Maryland Transit Administration (MTA) and WMATA failed.

PUBLIC HEARINGS FOR BUS AND RAIL SERVICE CHANGES

MTA has engaged in several controversial projects in the past two years: the Greater Baltimore Bus Initiative, the attempted closing of four MARC stations, and the proposed Baltimore Red Line study. In all three cases, the public expressed concern that MTA had not allowed for sufficient public input. SB463/HB 868 require MTA to hold a public hearing before permanently changing a bus or rail route alignment listed on a published time table or establishing or abandoning a rail transit station. In addition, the bills provide that if MTA is required to hold a public hearing on a matter, it may only take action on the matter within a specified period of time after the public hearing. MTA may add service on a new alignment branching off of an existing route without holding a public hearing if the addition of the new alignment does not alter the existing route.

SOCIAL JUSTICE LEGISLATION

SLAVERY APOLOGY

SJ 6/HJ 4 resolves that the State of Maryland expresses profound regret for the role that Maryland played in instituting and maintaining slavery and for the discrimination that was slavery's legacy. The resolution commits the State to the formation of a more perfect union among its citizens regardless of color, creed, or race and further recommits the State to the principle that all people are equal and equally endowed with inalienable rights to life, liberty and the pursuit of happiness.

DIVESTITURE FROM THE REPUBLIC OF SUDAN

SB 543/HB 1336 relate to divestiture from the Republic of Sudan. This bill requires the Board of Trustees of the State Retirement and Pension System (SRPS) to encourage companies held by actively traded accounts in its portfolio that conduct business in Sudan to act responsibly and avoid actions that promote or enable human rights violations in Sudan. It further authorizes the board to divest from companies that conduct business in Sudan and from any security or instrument issued by Sudan, based on factors outlined in the bill. The bill takes effect July 1, 2007, but is subject to abrogation if the President of the United States rescinds his Executive Order banning American firms from conducting business in Sudan or with the government of Sudan.

BLACK HISTORY MONTH

SB 240 directs the Governor to proclaim the month of February as Black History Month in recognition of the historical contributions that Black Americans have made to Maryland. Black History Month is celebrated nationwide during the month of February and became an official national observance in 1976. The Association for the Study of African American Life and History

began this annual event in 1926, when Black History Week was first observed during the second week of February to coincide with the birthdays of Abraham Lincoln and Frederick Douglass. In 1976, this observance officially became Black History Month.

MARYLAND CLEAN CARS ACT OF 2007

SB 103/HB 131 known as the Maryland Clean Cars Act of 2007, require the Maryland Department of the Environment, in consultation with the MVA, to establish by regulation a Low Emissions Vehicle Program applicable to vehicles of the 2011 model year and each model year thereafter.