



Committee: Directly to Council
Committee Review: N/A
Staff: Amanda Mihill, Legislative Attorney
Purpose: Discuss state legislation/obtain Council positions.
Keywords:

AGENDA ITEM #1
February 24, 2020

SUBJECT

Discussion: 2020 State Legislative Session

EXPECTED ATTENDEES

Melanie Wenger, Director, Office of Intergovernmental Relations (OIR)
Kathleen Boucher, Special Assistant to Director, OIR
Leslie Frey, Legislative Analyst, OIR
Sara Morningstar, Federal Relations Coordinator and Legislative Analyst, OIR
Amy Samman, Legislative Analyst, OIR
Executive department representatives

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- To discuss state legislation and potential Council positions on local, bi-county, and/or statewide bills.

DESCRIPTION/ISSUE

To discuss state legislation and potential Council positions on local, bi-county, and/or statewide bills.

SUMMARY OF KEY DISCUSSION POINTS

N/A

This report contains:

Council staff summary chart
OIR staff report

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TO: Councilmembers

FROM: Amanda Mihill, Legislative Attorney

Bill	Description	Agency Position	Executive	Council Staff Comments/Recommendation
STATEWIDE BILLS				
<p><u>HB 540/ SB 645, State Income and Property Tax Credits - Purple Line Construction Zone</u></p> <p>Lead sponsor: Wilkins/Smith</p> <p>Council staff: Glenn Orlin</p> <p>OIR staff: Melanie Wenger</p> <p>OIR Staff report: Page 1</p>	<p>House Bill 540 would allow businesses in Montgomery and Prince George’s Counties that lost business income directly attributable to Purple Line construction refundable State income and property tax credits. The State income tax credits would equal the amount of business income lost during the taxable year, as certified by the Maryland Department of Transportation.</p>			<p>Council staff recommends support.</p>
<p><u>HB 1276, County Property Tax - Classifications of Real Property and Authority to Set Special Rates</u></p> <p>Lead sponsor: Palakovich Carr</p> <p>Council staff: Gene Smith</p> <p>OIR staff: Melanie Wenger</p> <p>OIR Staff report: Page 2</p>	<p>This bill expands the “subclasses” or real property that are established in State law for the purposes of uniform assessment methodology and authorizes counties to impose different tax rates on each subclass.</p>			<p>Councilmember Jawando has been collaborating with Delegate Palakovich Carr on this legislation.</p> <p>This bill provides flexibility to the County to set different property tax rates based on property type and certain characteristics. Currently, the County is required by State law to set the same ad valorem rate for all properties in the County. If adopted by the State, additional analysis and discussion, including public input, would be required by the Council to determine the appropriate action, if desired, to implement this new authority. Council staff recommends support for this expanded authority.</p>

Bill	Description	Agency Position	Executive	Council Staff Comments/Recommendation
<p><u>HB 1494/ SB 1040, County Income Tax - Maximum Rate and Authority to Impose on an Income Bracket Basis</u></p> <p>Lead sponsor: Mosby/Rosapepe</p> <p>Council staff: Gene Smith</p> <p>OIR staff: Melanie Wenger</p> <p>OIR Staff report: Page 2</p>	<p>These bills allow counties to establish income brackets for the purpose of applying local income tax rates. In addition, the top local income tax rate may be increased beginning with tax year 2022 from 3.2% to 3.5%, for individual filers with Maryland taxable income greater than \$500,000 and for joint filers, surviving spouses, or heads of households with Maryland taxable income greater than \$600,000.</p>			<p>This bill provides flexibility to the County to set different income tax rates based on reported income in the County. In addition, it increases the maximum income tax rate allowed by the County to 3.5%. Currently, the County's income tax rate is capped at 3.2% and is applied evenly to all taxpayers. If adopted by the State, additional analysis and discussion, including public input, would be required by the Council to determine the appropriate action, if desired, to implement this new authority. Council staff recommends support for this expanded authority.</p>
<p><u>HB 1249, I-495 and I-270 Public-Private Partnership - Partnership Agreement - Requirements (Maryland State Department of Transportation Promises Act of 2020)</u></p> <p>Lead sponsor: Korman</p> <p>Council staff: Glenn Orlin</p> <p>OIR staff: Melanie Wenger</p> <p>OIR staff report: Page 3</p>	<p>House Bill 1249 would statutorily require the Administration to keep commitments made publicly regarding the plans to widen I-270 and I-495 with toll lanes, including designated funds for transit.</p>			<p>Council staff recommends support.</p>
<p>LOCAL BILL</p>				

<p><u>MC 21-20,</u> <u>Housing</u> <u>Opportunities</u> <u>Commission –</u> <u>Contracting Out</u> <u>Services –</u> <u>Requirements</u></p> <p>Lead sponsor: Kramer</p> <p>Council staff: Linda McMillan</p> <p>OIR Staff: Amy Samman</p> <p>OIR Staff report: Page 4</p>	<p>This bill alters HOC’s process for contracting out certain services. See memorandum for details.</p>	<p>Oppose</p>	<p>Support</p>	<p>Council staff recommendation: Oppose. Current State law provides a process that is similar to, but not the same as, County Government. Requirements are focused on adverse effects on an employee or group of employees. “Adversely affects” currently refers to definitions that are about eliminating positions, reduction in hours, reduction in grade, or reduction in base pay. Bill 21-20 adds, “The performance of services that would reasonably be required to be performed by employees of the Montgomery Commission in the absence of a service contract.” This moves away from an adverse impact on a current employee. Current State law requires a cost comparison that shows by entering into a service contract the Commission will save at least the lesser of \$200,000 or 20%. This is similar to the County Government requirement that an analysis show a savings of at least 25% over the life of the contract. However, Bill 21-20 adds the requirement for an impact statement that includes impacts on employees, residents and the public (emphasis added). Again, this moves away from the adverse effects on employees. Lastly, current State law includes a process for filing an appeal with the State Office of Administrative Hearings. Bill 21-20 does not delete this provision but adds a requirement for settling an protest through binding arbitration.</p> <p>Council staff understands HOC has proposed amendments to MC 21-20. Council staff will be prepared to provide a staff recommendation on the proposed amendments at the State legislation meeting.</p>
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OFFICE OF INTERGOVERNMENTAL RELATIONS

Marc Elrich
County Executive

Melanie Wenger
Director

February 20, 2020

MEMORANDUM

TO: Montgomery County Council

FROM: Melanie L. Wenger, Director ^{MLW}
Office of Intergovernmental Relations

SUBJECT: Discussion: State Legislation

- Session update

STATE LEGISLATION

1. **[HB 540 / SB 645– State Income and Property Tax Credits – Purple Line Construction Zone](#)**
(Delegates Wilkins, Charkoudian, Feldmark, W. Fisher, Healey, Ivey, Korman, Moon, Palakovich Carr, Shetty, Solomon, Valderrama, Washington, and Williams; Senator Smith)

Bill summary: House Bill 540 would allow businesses in Montgomery and Prince George’s Counties that lost business income directly attributable to Purple Line construction refundable State income and property tax credits. The State income tax credits would equal the amount of business income lost during the taxable year, as certified by the Maryland Department of Transportation. The Department would be required to develop the details of the program consistent with the goals envisioned in House Bill 540 through regulation.

2. [**HB 1276 - County Property Tax – Classifications of Real Property and Authority to Set Special Rates**](#)

(Delegates Palakovich Carr, Buckel, Cain, Ebersole, Hornberger, Mosby, Smith, Washington, and Wilkins)

Bill summary: This bill expands the “subclasses” or real property that are established in State law for the purposes of uniform assessment methodology and authorizes counties to impose different tax rates on each subclass. For purposes of assessments, current law currently lists the following subclasses of real property: (1) land that is actively devoted to farm or agricultural use; (2) marshland; (3) woodland; (4) land of a country club or golf course; (5) land that is used for a planned development; (6) rezoned property that is used for residential purposes; (7) operating real property of a railroad; (8) operating real property of a public utility; (9) income producing property; and (10) conservation property. The bill expands this list of subclasses to include: (1) small commercial; (2) large commercial; (3) industrial; (4) residential rental property that contains at least four units built as apartments; (5) residential condominiums; (6) commercial or industrial condominiums; (7) real property used for both residential and commercial purposes, if the primary use is residential; (8) real property used for both residential and commercial purposes, if the primary use is commercial; (9) residential townhouse or row house; (10) residential property that has at least 5,000 square feet of improvements; (11) real property that is used exclusively for residential purposes, has less than 5,000 square feet of improvements and is not an apartment, condominium, townhouse or row house; and (12) abandoned real property.

3. [**HB 1494 / SB 1040 – County Income Tax – Maximum Rate and Authority to Impose on an Income Bracket Basis**](#)

(Delegates Mosby, Cain, Ebersole, Korman, Lehman, Palakovich Carr, Smith, Stewart, and P. Young; Senator Rosapepe)

Bill summary: These bills allow counties to establish income brackets for the purpose of applying local income tax rates. In addition, the top local income tax rate may be increased beginning with tax year 2022 from 3.2% to 3.5%, for individual filers with Maryland taxable income greater than \$500,000 and for joint filers, surviving spouses, or heads of households with Maryland taxable income greater than \$600,000. The bills prohibit counties who opt to use an income brackets system from applying a lower rate on a higher income tax bracket than that applied to a lower income tax bracket.

4. [**HB 1249 – I-495 and I-270 Public-Private Partnership – Partnership Agreement – Requirements \(Maryland State Department of Transportation Promises Act of 2020\)**](#)

(Delegates Korman, Acevero, B. Barnes, D. Barnes, Barron, Barve, Carr, Charkoudian, Charles, Crutchfield, Cullison, Dumais, Fennell, W. Fisher, Fraser-Hidalgo, Gilchrist, Harrison, Healey, Holmes, Ivey, M. Jackson, Kaiser, Kelly, Kerr, Krimm, Lehman, J. Lewis, Lopez, Love, Luedtke, Moon, Palakovich Carr, Pena-Melnyk, Proctor, Qi, Queen, Reznik, Shetty, Solomon, Stewart, Terrasa, Turner, Valderrama, Valentino–Smith, Walker, Washington, Wilkins, Williams, and K. Young)

Bill summary: House Bill 1249 would statutorily require the Administration to keep commitments made publicly regarding the plans to widen I-270 and I-495 with toll lanes, including designated funds for transit. Specifics follow:

1. 10% of toll revenues from the toll lanes on the I-495 and I-270 P3 project will go to a special fund for transit when the toll lanes begin operating;
2. The special fund may only be budgeted in accordance with MOUs entered into between the Maryland Department of Transportation (MDOT) and the county government with the toll facility;
3. No Final Request for Proposal (RFP) for the project may be issued that does not include a provision guaranteeing that any local, state, or regional transit system may use the toll lanes for buses or other mass transit vehicles;
4. No State funds may be used to acquire land prior to the Board of Public Works (BPW) approval of contracts;
5. No contract may be awarded except to a bidder that agrees to initiate a community benefit agreement (CBA);
6. MDOT is mandated to share data with County Departments of Transportation and National Capital Park & Planning related to Origin & Destination and Traffic & Revenue. MDOT may impose appropriate confidentiality requirements as needed;
7. No RFP may be issued that does not require the American Legion Bridge to have bike and pedestrian lanes;
8. MDOT is mandated to engage with Virginia on a transit study of the American Legion Bridge.;9. All up-front Transportation Trust Fund expenditures and Maryland Transportation Authority (MdTA) loans must be repaid by vendors or tolls and no additional state dollars expended beyond what is currently programed;
10. No contracts may be submitted to BPW or for review until the Final EIS is completed;
11. Any toll adjustments require public hearings in the counties with the toll facilities;
12. Institute the monorail study.

LOCAL LEGISLATION

[MC 21-20 \(HB 809\) – Montgomery County – Housing Opportunities Commission – Contracting Out Services – Requirements](#) (Senator Kramer)

Bill summary: This bill alters the Housing and Opportunities Commission's (HOC) process for contracting out certain services. Under the bill, before HOC can issue requests for proposals on certain service contracts over \$75,000, it must consider whether the work could reasonably be performed by a represented employee and balance the impacts the contract may have on the public and the employees. In addition, MC 21-20 creates a process for represented employees to file a protest if they could reasonably perform the contract services.

Additional information:

Link to the Montgomery County Office of Intergovernmental website:
<https://www.montgomerycountymd.gov/oir/>.

Link to the Maryland General Assembly website:
<http://mgaleg.maryland.gov/webmga/frmlst.aspx?tab=home>.

Link to the Montgomery County Delegation website which allows you to access the text of all local and bi-county bills: <http://www.montgomerycountydelegation.com/legislation.html>.

Link to the Montgomery County Association of Counties (MACo) website:
<https://www.mdcounties.org/>



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Purpose: Discuss state legislation/obtain Council positions.
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ADDENDUM
AGENDA ITEM #1
February 24, 2020

SUBJECT

Discussion: 2020 State Legislative Session

EXPECTED ATTENDEES

Melanie Wenger, Director, Office of Intergovernmental Relations (OIR)
Kathleen Boucher, Special Assistant to Director, OIR
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Council staff summary chart

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TO: Councilmembers

FROM: Amanda Mihill, Legislative Attorney

Bill	Description	Agency Position	Executive	Council Staff Comments/Recommendation
STATEWIDE BILLS				
<p><u>HB 531/SB 656, Utility Regulation - Consideration of Climate and Labor</u></p> <p>Lead sponsor: Charkoudian/Kramer</p> <p>Council staff: Keith Levchenko</p> <p>OIR staff: Amy Samman</p>	<p>These bills require the Public Services Commission to consider climate impacts when considering certificates of public convenience and require further study of the impact of electric power plants on climate change. The bill also requires the PSC to consider the maintenance of fair and stable labor standards for affected workers when supervising and regulating public service companies</p>			<p>There is nothing in these bills that would be objectionable to Montgomery County. Because there is not a direct impact on Montgomery County, Council staff recommends “no position”. However, if the Council prefers to weigh in on HB 531 and SB, “support” would be appropriate since this bill is intended to advance the State’s efforts to combat climate change.</p>
<p><u>HB 1545/SB 887, Electric Generation - Transition From Fossil Fuels - Carbon Dioxide Emissions Rate and Transition Account</u></p> <p>Lead sponsor: Barve/West</p> <p>Council staff: Keith Levchenko</p> <p>OIR staff: Amy Samman</p>	<p>These bills would set lower carbon emissions requirements for generating stations with the Dickerson Generating Station affected as of October 2023. The bills also establishes a fossil fuel worker transition fund.</p>			<p>Council staff is unsure as to whether these bills would result in the retirement of the Dickerson facility or whether the facility already meets those requirements or could meet those requirements with technology upgrades. The bill also provides for a transition account to be set up to assist individuals and communities negatively affected by the retirement of the facility. Council staff is unsure as to the fiscal or environmental impact would be of this bill on Montgomery County. Council staff recommends “no position” pending receipt of further information.</p>

Bill	Description	Agency Position	Executive	Council Staff Comments/Recommendation
<p><u>HB 984/SB 796 Developmental Disabilities Administration - Program Changes and Required Reports</u></p> <p>Lead sponsor: Cullison/Guzzone</p> <p>Council staff: Linda McMillan</p> <p>OIR staff: Leslie Frey</p>	<p>These bills would put in law the following requirements (1) DDA/Department of Health must ensure there are no adverse impacts from the implementation of LTSS and EVV; (2) that an individual who loses eligibility for services have 30 days to appeal the determination; (3) services will continue while an appeal is in process; and (3) DDA must notify the service provider of an individual notified of loss of service when the loss of eligibility notice is sent to the individual.</p> <p>These bills would also add uncodified requirements that would prohibit putting in place the new waiver definitions, new billing system requirements, and LTSS before July 1, 2021 and implementing EVV until January 1, 2021. It also requires a report to the General Assembly on or before December 1, 2020 on the implementation of many parts of the Transformation Plan.</p>			<p>Council staff recommendation: Support</p> <p>The Maryland Developmental Disabilities Administration (DDA) is in the midst of implementing a Transformation Plan that includes changes to the Medicaid waivers that serve adults with developmental disabilities (DD); implements new information systems (Long Term Services and Supports Software System (LTSS) and the Electronic Visit Verification (EVV)) that must be used by service providers; requires person-centered planning; and will implement a new rate structure. Concerns about the adverse impacts of the Transformation Plan and DDA’s roll-out was at the heart of the recommendations to the Council by the 2018 Workgroup on Meeting the Needs of Residents with Developmental Disabilities. Most recently, very specific concerns have been raised about LTSS and whether it adequately protects privacy and is secure. Service providers and family members/caregivers continue to be fearful about DDA’s timeline because there has been so little testing of the system, rates have not been finalized, and it is unclear what services can actually be provided and be reimbursed.</p>

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