Q4, F3 7lr0990

Bill No.: _____

Requested: _____

Committee: _____

Drafted by: Butler
Typed by: Erika
Stored – 10/22/26
Proofread by _____
Checked by _____

By: **Prince George's County Delegation**

A BILL ENTITLED

AN ACT concerning

Prince George's County – Sales and Use Tax – Special Education and Student Wellness Surcharge and Fund

PG 508–27

FOR the purpose of imposing a supplemental surcharge on certain sales of alcoholic beverages, cannabis, cigarettes, other tobacco products, tobacco pipes, electronic smoking devices, and vaping liquid within Prince George's County; establishing the Prince George's County Special Education and Student Wellness Fund as a special, nonlapsing fund; and generally relating to sales and use taxes and special education funding in Prince George's County.

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 1–101(a)
Annotated Code of Maryland
(2026 Replacement Volume and 2026 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 1–101(s), 2–1303, and 11–102
Annotated Code of Maryland

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(2026 Replacement Volume and 2026 Supplement)

BY adding to
Article – Tax – General
Section 11–104(m)
Annotated Code of Maryland
(2026 Replacement Volume and 2026 Supplement)

BY adding to
Article – Education
Section 5–244
Annotated Code of Maryland
(2025 Replacement Volume and 2026 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i) and (ii)
Annotated Code of Maryland
(2021 Replacement Volume and 2026 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(iii)222. and 223.
Annotated Code of Maryland
(2021 Replacement Volume and 2026 Supplement)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(iii)224.
Annotated Code of Maryland
(2021 Replacement Volume and 2026 Supplement)

Preamble

WHEREAS, Providing students with disabilities access to high–quality special education and related services is an essential responsibility of the State and local school systems; and

WHEREAS, Prince George's County Public Schools serves students with disabilities who require specialized instruction, related services, qualified personnel, assistive technology, behavioral and therapeutic supports, specialized transportation, and other services necessary to ensure access to a free appropriate public education; and

WHEREAS, A dedicated and recurring revenue source can strengthen the capacity of Prince George's County Public Schools to recruit and retain qualified special education personnel and provide high–quality special education and related services; and

WHEREAS, Revenue generated under this Act is intended to supplement, and not supplant, federal, State, or local resources otherwise available for students with disabilities; and

WHEREAS, It is the intent of the General Assembly to establish a dedicated, transparent, and protected investment in students with disabilities enrolled in Prince George's County Public Schools; now, therefore,

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

Article – Tax – General

1–101.

(a) In this article the following words have the meanings indicated.

(s) (1) "Sales and use tax" means the tax imposed under Title 11 of this article.

(2) "Sales and use tax" includes**:**

(I) the tax imposed on the use of certain electricity under § 11–1A–01 of this article**[**.**];**

[(3)**]** **(II)** **[**"Sales and use tax" includes**]** the hotel surcharge imposed under § 11–102(b) of this article**; AND**

(III) THE SPECIAL EDUCATION AND STUDENT WELLNESS SURCHARGE IMPOSED UNDER § 11–102(C) OF THIS ARTICLE.

2–1303.

After making the distributions required under §§ 2–1301 through 2–1302.5 of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10–130 of the Economic Development Article;

(2) REVENUES FROM THE SPECIAL EDUCATION AND STUDENT WELLNESS SURCHARGE IMPOSED UNDER § 11–102(C) OF THIS ARTICLE INTO THE PRINCE GEORGE'S COUNTY SPECIAL EDUCATION AND STUDENT WELLNESS FUND ESTABLISHED UNDER § 5–244 OF THE EDUCATION ARTICLE;

(3) to the Blueprint for Maryland's Future Fund established under § 5–206 of the Education Article, the following percentage of the remaining sales and use tax revenues:

(i) for fiscal year 2023, 9.2%;

(ii) for fiscal year 2024, 11.0%;

(iii) for fiscal year 2025, 11.3%;

(iv) for fiscal year 2026, 11.7%; and

(v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

[(3)**]** **(4)** the remaining sales and use tax revenue into the General Fund of the State.

11–102.

(a) Except as otherwise provided in this title, a tax is imposed on:

(1) a retail sale in the State; and

(2) a use, in the State, of tangible personal property, a digital code, a digital product, or a taxable service.

(b) (1) Subject to paragraph (2) of this subsection, in addition to the tax imposed under subsection (a) of this section, a hotel surcharge is imposed in Dorchester County on the sale of a right to occupy a room or lodgings as a transient guest in an establishment that offers at least 380 rooms.

(2) The hotel surcharge imposed under paragraph (1) of this subsection may not be imposed if the Maryland Economic Development Corporation certifies to the Comptroller that the bonds issued by the Maryland Economic Development Corporation secured by the Dorchester County Economic Development Fund established under § 10–130 of the Economic Development Article have been paid in full.

(c) **(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(II) "ALCOHOLIC BEVERAGE" HAS THE MEANING STATED IN § 5–101 OF THIS ARTICLE.

(III) "CANNABIS" HAS THE MEANING STATED IN § 1–101 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.

(IV) "CIGARETTE" HAS THE MEANING STATED IN § 12–101 OF THIS ARTICLE.

(V) "ELECTRONIC SMOKING DEVICE" AND "VAPING LIQUID" HAVE THE MEANINGS STATED IN § 16.7–101 OF THE BUSINESS REGULATION ARTICLE.

(VI) "OTHER TOBACCO PRODUCTS" HAS THE MEANING STATED IN § 16.5–101 OF THE BUSINESS REGULATION ARTICLE.

(VII) "TOBACCO PIPE" HAS THE MEANING STATED IN § 11–104 OF THIS SUBTITLE.

(2) IN ADDITION TO THE TAX IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, A SPECIAL EDUCATION AND STUDENT WELLNESS SURCHARGE IS

IMPOSED ON THE SALE OF ALCOHOLIC BEVERAGES, CANNABIS, CIGARETTES, OTHER TOBACCO PRODUCTS, TOBACCO PIPES, ELECTRONIC SMOKING DEVICES, AND VAPING LIQUID IN PRINCE GEORGE'S COUNTY.

(D) (1) A county, municipal corporation, special taxing district, or other political subdivision of the State may not impose any retail sales or use tax except:

(i) a sales tax or use tax that was in effect on January 1, 1971;

(ii) a tax on the sale or use of:

1. fuels;

2. utilities;

3. space rentals; or

4. any controlled dangerous substance, as defined in § 5–101 of the Criminal Law Article, unless the sale is made by a person who registers under and complies with Title 5, Subtitle 3 of the Criminal Law Article; or

(iii) a tax imposed by a code county on the sale or use of food and beverages authorized under § 20–602 of the Local Government Article.

(2) Paragraph (1) of this subsection may not be construed as conferring authority to impose a sales and use tax.

11–104.

(M) THE RATE OF THE SPECIAL EDUCATION AND STUDENT WELLNESS SURCHARGE IMPOSED UNDER § 11–102(C) OF THIS SUBTITLE IS 1% OF THE TAXABLE PRICE.

Article – Education

5–244.

(A) IN THIS SECTION, "FUND" MEANS THE PRINCE GEORGE'S COUNTY SPECIAL EDUCATION AND STUDENT WELLNESS FUND.

(B) THERE IS A PRINCE GEORGE'S COUNTY SPECIAL EDUCATION AND STUDENT WELLNESS FUND.

(C) THE PURPOSE OF THE FUND IS TO PROVIDE DEDICATED FUNDING FOR SPECIAL EDUCATION AND RELATED SERVICES FOR STUDENTS WITH DISABILITIES ENROLLED IN PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS.

(D) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 2–1303 OF THE TAX – GENERAL ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INTEREST EARNINGS OR OTHER INCOME EARNED FROM THE INVESTMENT OF ANY MONEY FROM THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) (1) THE FUND SHALL BE USED TO SUPPORT SPECIAL EDUCATION AND RELATED SERVICES FOR STUDENTS WITH DISABILITIES IN PRINCE GEORGE'S COUNTY, INCLUDING:

(I) RECRUITING AND RETAINING CERTIFIED SPECIAL EDUCATION TEACHERS;

(II) RECRUITING AND RETAINING SPEECH–LANGUAGE PATHOLOGISTS, OCCUPATIONAL THERAPISTS, PHYSICAL THERAPISTS, SCHOOL PSYCHOLOGISTS, SOCIAL WORKERS, BEHAVIORAL SPECIALISTS, AND OTHER RELATED SERVICE PROVIDERS;

(III) REDUCING VACANCIES IN SPECIAL EDUCATION AND RELATED SERVICE POSITIONS;

(IV) REDUCING RELIANCE ON LONG–TERM SUBSTITUTES AND CONTRACTED PERSONNEL WHEN QUALIFIED PERMANENT PERSONNEL CAN BE RECRUITED OR RETAINED;

(V) PROVIDING PROFESSIONAL LEARNING, COACHING, CERTIFICATION ASSISTANCE, AND SPECIALIZED TRAINING FOR EDUCATORS AND STAFF SERVING STUDENTS WITH DISABILITIES;

(VI) PROVIDING SPECIALIZED INSTRUCTION AND EVIDENCE–BASED ACADEMIC INTERVENTIONS;

(VII) PURCHASING AND MAINTAINING ASSISTIVE TECHNOLOGY, ADAPTIVE EQUIPMENT, ACCESSIBLE INSTRUCTIONAL MATERIALS, AND SPECIALIZED INSTRUCTIONAL RESOURCES;

(VIII) EXPANDING BEHAVIORAL, COMMUNICATION, THERAPEUTIC, MENTAL HEALTH, AND SOCIAL EMOTIONAL SERVICES FOR STUDENTS WITH DISABILITIES;

(IX) STRENGTHENING INCLUSIVE EDUCATIONAL OPPORTUNITIES AND SUPPORTS NECESSARY FOR STUDENTS WITH DISABILITIES TO RECEIVE SERVICES IN THE LEAST RESTRICTIVE ENVIRONMENT APPROPRIATE TO THEIR INDIVIDUAL NEEDS;

(X) IMPROVING THE TIMELY COMPLETION OF EVALUATIONS, ELIGIBILITY DETERMINATIONS, PROGRESS MONITORING, AND DELIVERY OF SERVICES REQUIRED BY INDIVIDUALIZED EDUCATION PROGRAMS;

(XI) IMPROVING SPECIAL EDUCATION CASE MANAGEMENT, DATA SYSTEMS, COMPLIANCE MONITORING, AND COMMUNICATION WITH FAMILIES;

(XII) PROVIDING SPECIALIZED TRANSPORTATION REQUIRED FOR STUDENTS WITH DISABILITIES TO ACCESS EDUCATIONAL PROGRAMS AND SERVICES;

(XIII) EXPANDING TRANSITION SERVICES THAT PREPARE STUDENTS WITH DISABILITIES FOR POSTSECONDARY EDUCATION, EMPLOYMENT, INDEPENDENT LIVING, AND ADULT SERVICES;

(XIV) PROVIDING COMPENSATORY EDUCATION OR SERVICES WHEN DETERMINED NECESSARY UNDER APPLICABLE FEDERAL OR STATE LAW; AND

(XV) SUPPORTING OTHER EVIDENCE–BASED SPECIAL EDUCATION PROGRAMS AND RELATED SERVICES CONSISTENT WITH FEDERAL AND STATE LAW.

(2) THE FUND MAY NOT BE:

(I) USED FOR A GENERAL EXPENDITURE THAT IS NOT DIRECTLY ATTRIBUTABLE TO SPECIAL EDUCATION OR RELATED SERVICES;

(II) TRANSFERRED TO THE PRINCE GEORGE'S COUNTY GENERAL FUND;

(III) USED FOR GENERAL GOVERNMENT OPERATIONS OF PRINCE GEORGE'S COUNTY;

(IV) USED TO REPLACE FEDERAL, STATE, OR LOCAL FUNDING OTHERWISE REQUIRED OR APPROPRIATED FOR SPECIAL EDUCATION; OR

(V) USED FOR ANY PURPOSE INCONSISTENT WITH FEDERAL OR STATE SPECIAL EDUCATION LAW.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) (1) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(2) THE DEPARTMENT SHALL DISTRIBUTE MONEY IN THE FUND TO THE PRINCE GEORGE'S COUNTY BOARD OF EDUCATION TO BE USED IN ACCORDANCE WITH THE LIMITATIONS UNDER SUBSECTION (G) OF THIS SECTION.

(J) MONEY DISTRIBUTED FROM THE FUND UNDER THIS SECTION:

(1) SHALL SUPPLEMENT:

(I) STATE–AUTHORIZED FUNDING DEDICATED TO SPECIAL EDUCATION AND RELATED SERVICES IN PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS; AND

(II) PRINCE GEORGE'S COUNTY'S REQUIRED MAINTENANCE OF EFFORT, LOCAL SHARE OF MAJOR EDUCATION AID, OR ANY OTHER MINIMUM LOCAL EDUCATION CONTRIBUTION;

(2) MAY NOT BE COUNTED IN DETERMINING WHETHER PRINCE GEORGE'S COUNTY HAS SATISFIED MAINTENANCE OF EFFORT, LOCAL SHARE OF MAJOR EDUCATION AID, OR ANY OTHER STATE–MANDATED LOCAL EDUCATION FUNDING REQUIREMENT;

(3) MAY NOT SUPPLANT, REPLACE, OFFSET, OR OTHERWISE REDUCE FEDERAL, STATE, OR LOCAL FUNDING OTHERWISE REQUIRED FOR SPECIAL EDUCATION;

(4) MAY NOT BE USED AS THE BASIS FOR REDUCING THE ANNUAL APPROPRIATION FROM PRINCE GEORGE'S COUNTY TO THE PRINCE GEORGE'S COUNTY BOARD OF EDUCATION; AND

(5) SHALL BE EXCLUDED FROM ANY CALCULATION OF PRINCE GEORGE'S COUNTY'S REQUIRED LOCAL EDUCATION CONTRIBUTION.

(K) THE DEPARTMENT SHALL TREAT DISTRIBUTIONS FROM THE FUND AS SUPPLEMENTAL STATE–AUTHORIZED SPECIAL EDUCATION FUNDING FOR

PURPOSES OF DETERMINING COMPLIANCE WITH THE LOCAL FUNDING REQUIREMENTS UNDER STATE LAW.

(L) ON OR BEFORE DECEMBER 31 EACH YEAR, THE PRINCE GEORGE'S COUNTY BOARD OF EDUCATION SHALL PUBLISH ON THE BOARD'S WEBSITE A SPECIAL EDUCATION INVESTMENT REPORT THAT INCLUDES:

(1) TOTAL REVENUE DISTRIBUTED TO THE BOARD UNDER THIS SECTION;

(2) EXPENDITURES BY MAJOR CATEGORY;

(3) PERSONNEL POSITIONS SUPPORTED THROUGH THE FUND;

(4) PROGRAMS AND SERVICES SUPPORTED THROUGH THE FUND;

(5) THE NUMBER OF STUDENTS RECEIVING SERVICES SUPPORTED THROUGH THE FUND; AND

(6) MEASURABLE OUTCOMES ASSOCIATED WITH INVESTMENTS FROM THE FUND, INCLUDING, AS APPROPRIATE:

(I) SPECIAL EDUCATION PERSONNEL VACANCY RATES;

(II) TIMELINESS OF EVALUATIONS;

(III) TIMELINESS AND DELIVERY OF INDIVIDUALIZED EDUCATION PROGRAM SERVICES;

(IV) AVAILABILITY OF RELATED SERVICE PROVIDERS;

(V) STUDENT ACCESS TO REQUIRED SERVICES; AND

(VI) OTHER INDICATORS OF SPECIAL EDUCATION QUALITY, ACCESS, AND COMPLIANCE.

(M) NOTHING IN THIS SECTION MAY BE CONSTRUED TO REDUCE ANY OBLIGATION OF THE STATE, PRINCE GEORGE'S COUNTY, OR THE PRINCE

GEORGE'S COUNTY BOARD OF EDUCATION UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT OR ANY OTHER FEDERAL OR STATE LAW GOVERNING STUDENTS WITH DISABILITIES.

Article – State Finance and Procurement

6–226.

(a) (2) (i) This paragraph does not apply in fiscal years 2024 through 2028.

(ii) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(iii) The provisions of subparagraph (ii) of this paragraph do not apply to the following funds:

222. the Maryland Growth Initiative Fund; **[**and**]**

223. the Suitland Development Authority Fund**; AND**

224. THE PRINCE GEORGE'S COUNTY SPECIAL EDUCATION AND STUDENT WELLNESS FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2027.