

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 476 (Senator Hogan, *et al.*)
Budget and Taxation

State Budget

This constitutional amendment modifies the State budget process by allowing the General Assembly to reallocate resources in the Governor's budget by reducing or increasing appropriations for Executive Branch agencies. However, the total appropriation for the executive department approved by the General Assembly cannot exceed the total allowance submitted by the Governor. The Governor can veto any increase or additional item added by the General Assembly. If the Governor exercises the veto authority, a special session would be held within 30 days after the Governor's action to consider the vetoed items. The special session would be limited solely to the budget vetoes.

Fiscal Summary

State Effect: This constitutional amendment could increase State expenditures due to the costs of holding special legislative sessions to consider the Governor's vetoes of legislative budgetary actions.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Section 52 of Article III of the Maryland Constitution prohibits the General Assembly from increasing any budget item or adding any new appropriations item to the executive budget for Executive Branch agencies. The General Assembly can increase or add an appropriations item relating to the legislature or judiciary. In addition,

through a supplementary appropriations bill, the General Assembly can add expenditures if matched with new revenues. The General Assembly can also mandate expenditures in the executive budget for a subsequent fiscal year.

Background: Every other state legislature in the nation has the authority to increase or add an appropriation to the governor's budget. A survey by the National Conference of State Legislatures found that 28 states had executive-prepared budgets, while 13 were prepared by partisan legislative staff, 15 by nonpartisan staff, and three by some other format. In the 27 other states with executive-based budgets however, each of these legislatures has the opportunity to modify the governor's proposed allocations by either increasing or decreasing them. Because almost all states have a balanced budget requirement like Maryland's, the legislatures in these states may only increase budget items if they find corresponding reductions elsewhere.

According to the National Conference of State Legislatures, "Legislatures have unlimited power to change the budget proposed by the executive and judicial branches in all the states except three. Maryland, Nebraska and West Virginia limit the power of the legislature to increase or decrease budget items. The Maryland Legislature may decrease but not increase appropriations proposed by the executive (and may not reallocate funds among programs). A three-fifths vote is required for the Nebraska Legislature to increase the governor's recommendations; a majority vote is required to reject or decrease them. In West Virginia, the Legislature may increase or decrease any item within the budget and can add items and accounts, but it cannot reduce the judiciary budget or create a deficit."

State Fiscal Effect: This modification to the State's budget process should not increase the expenditures incurred by the Executive Branch in preparing the budget nor the Legislative Branch in approving the budget. To the extent the Governor exercises the veto power, special sessions of the General Assembly would be convened. It is assumed these sessions will be of limited duration and have a cost of approximately \$10,000.

The Maryland Constitution requires that proposed amendments to the constitution be publicized in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding a general election. The State is responsible for the costs associated with these requirements. It is anticipated that the fiscal 2003 budget of the State Board of Elections will contain funding for publishing constitutional amendments for the 2002 general election.

Local Fiscal Effect: If approved by the General Assembly, this constitutional amendment will be submitted to the voters at the 2002 general election. It should not result in additional costs for the county election boards.

Additional Information

Prior Introductions: A similar bill was introduced at the 1994 session as SB 395. The bill received a favorable report by the Senate Budget and Taxation Committee but was rejected by the full Senate. SB 245 of 2001, an identical bill as amended, failed to pass the Senate. HB 1024 of 2001, a substantially similar bill, was not reported from the House Rules and Executive Nominations Committee.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Legislative Services

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