

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 85

(Senator Kagan)(Chair, Joint Committee on the
Management of Public Funds) and Senator Reilly

Budget and Taxation

Appropriations

Capital Debt Affordability Committee - Annual Estimate

This bill alters the date, from October 1 to October 20, by which the Capital Debt Affordability Committee (CDAC) must annually submit its report to the Governor and the General Assembly. **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: None. Altering the deadline for the annual CDAC report does not affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: CDAC must, by October 1 of each year, submit to the Governor and the General Assembly its advisory estimate of the maximum amount of new State debt that should be authorized for the next fiscal year. CDAC must, in preparing its estimate, consider specified factors relevant to the affordability of projected debt service requirements and the marketability of State bonds. In addition, CDAC must submit, at the same time as the above-mentioned estimate, an advisory estimate of the aggregate maximum amount of new bonds for academic facilities that specified public institutions of higher education should authorize in the next fiscal year.

CDAC, in preparing its annual recommendations, considers the most recent revenue estimates reported by the Board of Revenue Estimates (BRE). BRE is responsible for regularly reporting State revenue estimates to the Governor and the General Assembly and must submit reports in March, September, and December of each year. According to the State Treasurer's Office, the timing of the September BRE report allows limited time for the completion of the CDAC report by the October 1 deadline.

CDAC is charged with reviewing, on a continual basis, the size and condition of all State tax-supported debt. The seven-member committee is chaired by the State Treasurer and includes the State Comptroller, the Secretary of Transportation, the Secretary of Budget and Management, and a public member appointed by the Governor. The chairs of the Capital Budget subcommittees of the Senate Budget and Taxation Committee and the House Appropriations Committee are nonvoting members.

By November 1 of each year, the Governor must, after considering the latest CDAC estimates, determine (1) the total authorization of new State debt he or she deems advisable for the next fiscal year and (2) a preliminary allocation of new State debt among general construction projects, school construction projects, and other special projects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management; State Treasurer's Office; Department of Legislative Services

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