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By: **Senator Hoffman**

Introduced and read first time: February 5, 1998

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Dedicated Purpose Fund**

3 FOR the purpose of changing the name of the Dedicated Purpose Account to be the  
4 Dedicated Purpose Fund; authorizing the Governor to include appropriations  
5 from the Dedicated Purpose Fund as special funds in the State Budget subject to  
6 appropriation by the General Assembly; providing that certain transfers of  
7 funds from the Fund to the Revenue Stabilization Account may be made only  
8 after a proposed budget amendment has been submitted to certain committees  
9 of the General Assembly and approved by the Legislative Policy Committee;  
10 repealing certain obsolete provisions relating to the Dedicated Purpose Account;  
11 repealing the Citizen Tax Reduction and Fiscal Reserve Account; providing that  
12 any funds remaining in the Citizen Tax Reduction and Fiscal Reserve Account  
13 on a certain date may not revert to the General Fund but shall be credited to an  
14 account in the Dedicated Purpose Fund to be used for certain purposes; and  
15 generally relating to the Dedicated Purpose Fund.

16 BY repealing and reenacting, with amendments,  
17 Article - State Finance and Procurement  
18 Section 7-309 and 7-310  
19 Annotated Code of Maryland  
20 (1995 Replacement Volume and 1997 Supplement)

21 BY repealing  
22 Article - State Finance and Procurement  
23 Section 7-310.1  
24 Annotated Code of Maryland  
25 (1995 Replacement Volume and 1997 Supplement)

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

1 **Article - State Finance and Procurement**

2 7-309.

3 (a) There is a State Reserve Fund.

4 (b) The State Reserve Fund is comprised of:

5 (1) the Dedicated Purpose [Account] FUND;

6 [(2) the Citizen Tax Reduction and Fiscal Reserve Account;]

7 [(3)] (2) the Revenue Stabilization Account;

8 [(4)] (3) the Economic Development Opportunities Program Fund; and

9 [(5)] (4) the Catastrophic Event Fund.

10 7-310.

11 (a) In this section ["Account"] "FUND" means the Dedicated Purpose  
12 [Account] FUND.

13 (b) The Dedicated Purpose [Account] FUND is established:

14 (1) to retain appropriations for major, multi-year expenditures where  
15 the magnitude and timing of cash needs are uncertain; and16 (2) beginning in Fiscal Year 1996, to meet specific expenditure  
17 requirements [other than those specified in the Citizen Tax Reduction and Fiscal  
18 Reserve Account established in § 7-310.1 of this subtitle].19 (c) The Governor may provide an appropriation in the budget bill to the  
20 [Account] FUND for a specific purpose or purposes.21 (d) (1) For those appropriations to the [Account] FUND designated for a  
22 specific purpose, THE GOVERNOR MAY:23 (I) INCLUDE THE FUNDS AS SPECIAL FUNDS IN THE STATE  
24 BUDGET SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY; OR25 (II) after notice to and approval by the Legislative Policy  
26 Committee [, the Governor may] transfer the specific purpose funds by budget  
27 amendment from the [Account] FUND to the expenditure account of the appropriate  
28 unit of State government.29 (2) For those appropriations to the [Account] FUND for a general  
30 purpose, the Governor may:31 (I) INCLUDE THE FUNDS AS SPECIAL FUNDS IN THE STATE  
32 BUDGET SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY; OR

1 (II) transfer the general purpose funds by budget amendment from  
2 the [Account] FUND to the expenditure account of the appropriate unit of State  
3 government only after the proposed budget amendment has been submitted to the  
4 Senate Budget and Taxation Committee and the House Appropriations Committee of  
5 the General Assembly and approved by the Legislative Policy Committee.

6 (e) The [Account] FUND is a continuing, nonlapsing fund which is not subject  
7 to § 7-302 of this subtitle.

8 (f) (1) The unspent balance of an appropriation to the [Account] FUND  
9 reverts to the Revenue Stabilization Account 4 years after the end of the fiscal year  
10 for which the appropriation was made.

11 (2) If the Governor determines that certain funds in the [Account] FUND  
12 are no longer needed for the purpose for which they were originally appropriated,  
13 those funds may be transferred by budget amendment to the Revenue Stabilization  
14 Account AFTER THE PROPOSED BUDGET AMENDMENT HAS BEEN SUBMITTED TO THE  
15 SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE APPROPRIATIONS  
16 COMMITTEE OF THE GENERAL ASSEMBLY AND APPROVED BY THE LEGISLATIVE  
17 POLICY COMMITTEE.

18 [(g) (1) Notwithstanding any other provision of this section and subject to  
19 paragraph (2) of this subsection, the funds collected under a tax amnesty program  
20 and distributed to this Account under the law authorizing the tax amnesty program  
21 may be used only for the following purposes and funded to the extent that funds are  
22 available:

23 (i) during Fiscal Year 1987, extension of 24-hour Medevac service  
24 to the Cumberland and Centreville areas;

25 (ii) during Fiscal Year 1987, initiation of 24-hour Medevac service  
26 in the southern Maryland region of the State;

27 (iii) transfer to the Emergency Assistance Trust Fund based on  
28 applications for financial assistance approved by the Board of Public Works up to a  
29 maximum of \$300,000;

30 (iv) upgrading the Emergency Medical System helicopter fleet,  
31 training, and communication equipment; and

32 (v) transfer to the State of Maryland Deposit Insurance Fund  
33 Corporation for authorized purposes of the Fund.

34 (2) Funds may be transferred from the Account for paragraph (1)(i), (ii),  
35 and (iv) of this subsection only:

36 (i) after approval by the Senate Budget and Taxation Committee  
37 and the House Appropriations Committee of the General Assembly of a plan, or any  
38 portion thereof, of proposed expenditures resulting from a study of the State  
39 Emergency Medical System; and

1 (ii) by an appropriation in the budget bill or by budget amendment  
2 only after the budget amendment is submitted to the Senate Budget and Taxation  
3 Committee and the House Appropriations Committee of the General Assembly.

4 (h) Any funds transferred to the Account from the Environmental Trust Fund  
5 may be transferred subsequently to the weatherization program established in Article  
6 41, § 6-406 of the Code only if the Governor finds that the transfer is required as a  
7 condition of acceptance of oil overcharge refunds or is required in order to be  
8 consistent with applicable federal law, regulation, or relevant judicial decision.

9 (i) (1) Notwithstanding any other provisions of this section, any funds  
10 credited to this Account for purposes of the Maryland Stadium Authority may only be  
11 transferred from this Account by an appropriation in the budget bill or, with the  
12 approval of the Legislative Policy Committee, by budget amendment.

13 (2) The unspent balance of any revenues for the Maryland Stadium  
14 Authority shall revert to the General Fund 2 years after the end of the fiscal year in  
15 which the transfer was made.

16 (j) (1) Notwithstanding any other provision of this section and subject to  
17 paragraph (2) of this subsection, the funds collected under the Vehicle Excise Tax  
18 Amnesty Program and distributed to the Account under the law authorizing the  
19 Vehicle Excise Tax Amnesty Program may be used only for the following purposes for  
20 programs of the Developmental Disabilities Administration in the Department of  
21 Health and Mental Hygiene:

22 (i) added placements in community-based residential services  
23 programs;

24 (ii) added services in community-based vocational and day services  
25 programs;

26 (iii) added services in family support services programs; and

27 (iv) added services in individual support services programs.

28 (2) Funds may be transferred from the Account for the purposes set forth  
29 in paragraph (1) of this subsection only by:

30 (i) an appropriation in the budget bill; or

31 (ii) budget amendment only after the budget amendment is  
32 submitted to the Senate Budget and Taxation Committee and the House  
33 Appropriations Committee of the General Assembly.]

34 [7-310.1.

35 (a) In this section, "Account" means the Citizen Tax Reduction and Fiscal  
36 Reserve Account.

1 (b) Except as provided in subsection (f) of this section, the Citizen Tax  
2 Reduction and Fiscal Reserve Account is established to retain State revenues for the  
3 purpose of offsetting any revenue loss attributable to the enactment of legislation  
4 that:

5 (1) provides individual income tax relief; and

6 (2) expressly specifies the use of the funds in this Account for that  
7 purpose.

8 (c) The Account is a continuing, nonlapsing fund which is not subject to §  
9 7-302 of this subtitle.

10 (d) (1) The Governor shall include a proposed appropriation to the account  
11 in the State budget bill submitted at the 1996 Session of the General Assembly in an  
12 amount equal to any unappropriated General Fund balance as of June 30 of the  
13 preceding year.

14 (2) The Governor may provide an appropriation in the State budget bill  
15 to the Account in addition to the appropriation required under paragraph (1) of this  
16 subsection.

17 (e) (1) Funds may be transferred from the Account only to the extent  
18 authorized as follows:

19 (i) funds to offset reductions in federal appropriations shall be in  
20 the form of a special fund appropriation in the State budget bill; and

21 (ii) funds to offset revenue reductions shall be expressly authorized  
22 in an act of the General Assembly other than the State budget bill.

23 (2) Funds in the Account may only be transferred from the Account as  
24 provided in this section and are not subject to transfer by budget amendment.

25 (f) The Governor may propose use of funds in this Account to offset:

26 (1) substantial reductions in federal revenues due to changes in federal  
27 law or fiscal policies;

28 (2) reductions in State revenues attributable to changes in federal  
29 income tax law; or

30 (3) substantial downturns in revenues resulting from significant  
31 changes in the economy or federal actions that lay off or terminate Maryland  
32 employees.

33 (g) (1) As part of the information submitted with the State budget bill at the  
34 1996, 1997, and 1998 Sessions of the General Assembly, the Governor shall submit a  
35 report that indicates for the current fiscal year and for the fiscal year for which the

1 State budget is proposed, the estimated effects on revenues and expenditures of  
2 changes in federal law or federal fiscal policies.

3 (2) The report shall include:

4 (i) by program, to the extent possible, where federal aid has been  
5 reduced or proposed for reduction; and

6 (ii) by program, where funds from this account are being requested  
7 to offset any reduction in federal aid.]

8 SECTION 2. AND BE IT FURTHER ENACTED, That any funds remaining in  
9 the Citizen Tax Reduction and Fiscal Reserve Account on June 30, 1998 may not  
10 revert to the General Fund but shall be credited to an account in the Dedicated  
11 Purpose Fund, to be used to offset:

12 (1) revenue loss attributable to the enactment of legislation reducing the  
13 individual income tax;

14 (2) substantial reductions in federal revenues due to changes in federal  
15 law or fiscal policies;

16 (3) reductions in State revenues attributable to changes in federal  
17 income tax law; or

18 (4) substantial downturns in revenues resulting from significant  
19 changes in the economy or federal actions that lay off or terminate Maryland  
20 employees.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 1998.