

SENATE BILL 355

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B1

1998 Regular Session
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By: ~~Senator Hoffman~~ **Senators Hoffman, Ruben, Boozer, Currie, Fry, Hogan,
Kasemeyer, Lawlah, McFadden, Middleton, Munson, Neall, and Van
Hollen**

Introduced and read first time: February 5, 1998
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 24, 1998

CHAPTER _____

1 AN ACT concerning

2 **Dedicated Purpose Fund State Reserve Fund**

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

18 BY repealing and reenacting, with amendments,
19 Article - State Finance and Procurement
20 Section 7-309 ~~and 7-310~~, 7-310, 7-311, 7-312(f)(1), 7-314(f)(1), and 7-324(g)
21 Annotated Code of Maryland
22 (1995 Replacement Volume and 1997 Supplement)

23 BY repealing

1 Article - State Finance and Procurement
2 Section 7-310.1
3 Annotated Code of Maryland
4 (1995 Replacement Volume and 1997 Supplement)

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

7 **Article - State Finance and Procurement**

8 7-309.

9 (a) There is a State Reserve Fund.

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

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

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

13 [(3)] (2) the Revenue Stabilization ~~Account~~ FUND;

14 [(4)] (3) the Economic Development Opportunities Program Fund; and

15 [(5)] (4) the Catastrophic Event Fund.

16 7-310.

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

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

20 (1) to retain appropriations for major, multi-year expenditures where
21 the magnitude and timing of cash needs are uncertain; and

22 (2) beginning in Fiscal Year 1996, to meet specific expenditure
23 requirements [other than those specified in the Citizen Tax Reduction and Fiscal
24 Reserve Account established in § 7-310.1 of this subtitle].

25 (c) The Governor may provide an appropriation in the budget bill to the
26 [Account] FUND for a specific purpose or purposes.

27 (d) (1) For those appropriations to the [Account] FUND designated for a
28 specific purpose, THE GOVERNOR MAY:

29 (I) INCLUDE THE FUNDS AS SPECIAL FUNDS IN THE STATE
30 BUDGET SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY; OR

1 (II) after notice to and approval by the Legislative Policy
2 Committee [, the Governor may] transfer the specific purpose funds by budget
3 amendment from the [Account] FUND to the expenditure account of the appropriate
4 unit of State government.

5 (2) For those appropriations to the [Account] FUND for a general
6 purpose, the Governor may:

7 (I) ~~INCLUDE THE FUNDS AS SPECIAL FUNDS IN THE STATE~~
8 ~~BUDGET SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY; OR~~

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (h) Any funds transferred to the Account from the Environmental Trust Fund
13 may be transferred subsequently to the weatherization program established in Article
14 41, § 6-406 of the Code only if the Governor finds that the transfer is required as a
15 condition of acceptance of oil overcharge refunds or is required in order to be
16 consistent with applicable federal law, regulation, or relevant judicial decision.

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

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

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

30 (i) added placements in community-based residential services
31 programs;

32 (ii) added services in community-based vocational and day services
33 programs;

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

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

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

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

5 [7-310.1.

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

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

12 (1) provides individual income tax relief; and

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

15 (c) The Account is a continuing, nonlapsing fund which is not subject to §
16 7-302 of this subtitle.

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

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

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

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

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

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

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

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

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

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

6 (g) (1) As part of the information submitted with the State budget bill at the
7 1996, 1997, and 1998 Sessions of the General Assembly, the Governor shall submit a
8 report that indicates for the current fiscal year and for the fiscal year for which the
9 State budget is proposed, the estimated effects on revenues and expenditures of
10 changes in federal law or federal fiscal policies.

11 (2) The report shall include:

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

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

16 7-311.

17 (a) In this section ["Account"] "FUND" means the Revenue Stabilization
18 [Account] FUND.

19 (b) The Revenue Stabilization [Account] FUND is established to retain State
20 revenues for future needs and reduce the need for future tax increases by moderating
21 revenue growth.

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

24 (d) The [Account] FUND consists of:

25 (1) moneys appropriated in the State budget to the [Account] FUND; and

26 (2) interest or other income earned from the investment of any portion of
27 this [Account] FUND or any other account in the State Reserve Fund.

28 (e) Except as provided in subsection (f) of this section, beginning in Fiscal Year
29 1995 and for each subsequent fiscal year, the Governor shall include in the budget bill
30 an appropriation to the [Account] FUND equal to at least the lesser of \$50,000,000 or
31 whatever amount is required for the [Account] FUND balance to exceed 5% of the
32 estimated General Fund revenues for that fiscal year.

33 (f) The appropriations required by subsection (e) of this section are not
34 required when the [Account] FUND balance exceeds 5% of the estimated General
35 Fund revenues.

1 (g) If authorized by an act of the General Assembly or specifically authorized
2 in the State budget bill as enacted, the Governor may transfer funds from the
3 [Account] FUND to General Fund revenues.

4 (h) If the Governor transfers funds from the [Account] FUND pursuant to
5 subsection (g) of this section, the amount of the transfer from the [Account] FUND
6 shall be reduced by an amount equivalent to the reductions made by the General
7 Assembly in the General Fund appropriations.

8 (i) Funds of the [Account] FUND may only be transferred from the [Account]
9 FUND as provided in this section and are not subject to transfer by budget
10 amendment.

11 7-312.

12 (f) (1) At the end of the fiscal year, a transfer to the Dedicated Purpose
13 [Account] FUND of the State Reserve Fund shall be made to the extent that the
14 balance of revenues in the Fund exceeds:

15 (i) \$24 million; and

16 (ii) the Debt Service Reserve Fund being held by or on behalf of the
17 Maryland Stadium Authority for payment of debt service on revenue bonds issued by
18 the Authority.

19 7-314.

20 (f) (1) Moneys appropriated or credited to the Fund do not revert to the
21 Revenue Stabilization [Account] FUND.

22 7-324.

23 (g) Moneys appropriated to the Fund do not revert to the Revenue
24 Stabilization [Account] FUND.

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

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

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

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

1 (4) substantial downturns in revenues resulting from significant
2 changes in the economy or federal actions that lay off or terminate Maryland
3 employees.

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