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By: Senator Hoffman Senators Hoffman, Ruben, Boozer, Currie, Fry, Hogan, Kasemeyer, Lawlah, McFadden, Middleton, Munson, Neall, and Van

Hollen

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Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 24, 1998

CHAPTER

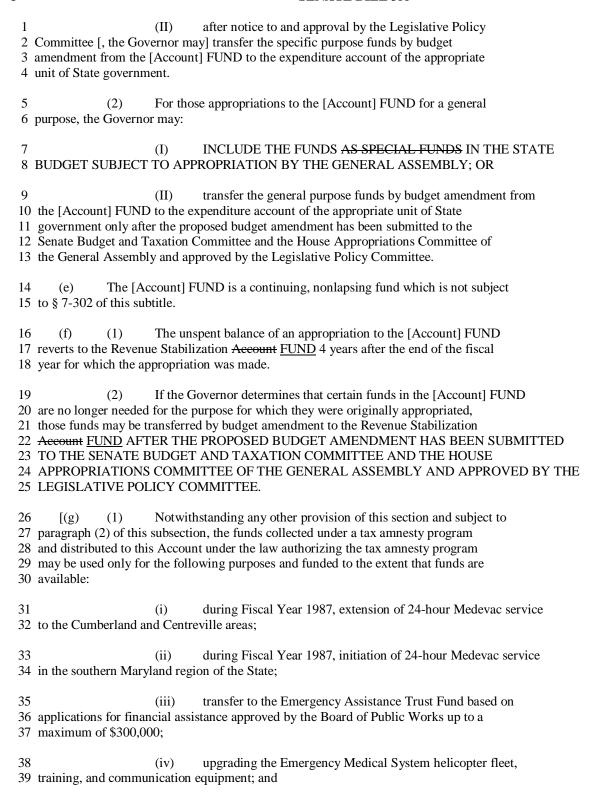
1 AN ACT concerning

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; <u>changing the name of the Revenue Stabilization</u>
- 5 <u>Account to be the Revenue Stabilization Fund;</u> 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 <u>Dedicated Purpose</u> Fund to the Revenue
- 9 Stabilization Account Fund may be made only after a proposed budget
- amendment has been submitted to certain committees of the General Assembly
- and approved by the Legislative Policy Committee; repealing certain obsolete
- 12 provisions relating to the Dedicated Purpose Account; repealing the Citizen Tax
- 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
- 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 (1995 Replacement Volume and 1997 Supplement) 4 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)]the Revenue Stabilization Account FUND; (2) 14 [(4)]the Economic Development Opportunities Program Fund; and (3) the Catastrophic Event Fund. 15 [(5)](4) 16 7-310. In this section ["Account"] "FUND" means the Dedicated Purpose 17 (a) 18 [Account] FUND. 19 (b) The Dedicated Purpose [Account] FUND is established: 20 to retain appropriations for major, multi-year expenditures where (1) 21 the magnitude and timing of cash needs are uncertain; and beginning in Fiscal Year 1996, to meet specific expenditure 22 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 The Governor may provide an appropriation in the budget bill to the (c) 26 [Account] FUND for a specific purpose or purposes. For those appropriations to the [Account] FUND designated for a 27 28 specific purpose, THE GOVERNOR MAY: INCLUDE THE FUNDS AS SPECIAL FUNDS IN THE STATE (I) 30 BUDGET SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY; OR

SENATE BILL 355

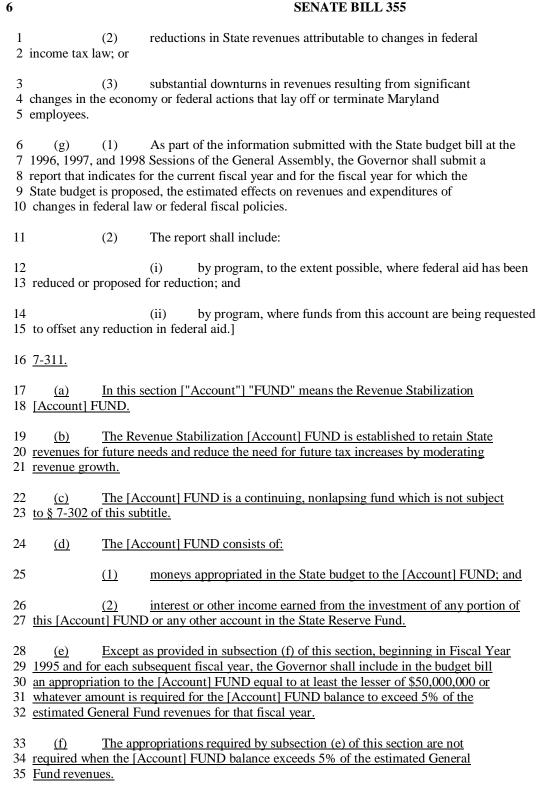


SENATE BILL 355

1 2	Corporation for autho	(v) rized pur	transfer to the State of Maryland Deposit Insurance Fund poses of the Fund.	
3	(2) and (iv) of this subsec		hay be transferred from the Account for paragraph (1)(i), (ii), :	
7		posed ex	after approval by the Senate Budget and Taxation Committee Committee of the General Assembly of a plan, or any penditures resulting from a study of the State and	
			by an appropriation in the budget bill or by budget amendment ent is submitted to the Senate Budget and Taxation propriations Committee of the General Assembly.	
14 15	may be transferred su 41, § 6-406 of the Co condition of acceptan	bsequent de only in ce of oil	erred to the Account from the Environmental Trust Fund ly to the weatherization program established in Article f the Governor finds that the transfer is required as a overcharge refunds or is required in order to be eral law, regulation, or relevant judicial decision.	
19	transferred from this	int for pu Account	standing any other provisions of this section, any funds proses of the Maryland Stadium Authority may only be by an appropriation in the budget bill or, with the licy Committee, by budget amendment.	
	(2) Authority shall revert which the transfer wa	to the G	pent balance of any revenues for the Maryland Stadium eneral Fund 2 years after the end of the fiscal year in	
26 27 28	(j) (1) Notwithstanding any other provision of this section and subject to paragraph (2) of this subsection, the funds collected under the Vehicle Excise Tax Amnesty Program and distributed to the Account under the law authorizing the Vehicle Excise Tax Amnesty Program may be used only for the following purposes for programs of the Developmental Disabilities Administration in the Department of Health and Mental Hygiene:			
30 31	programs;	(i)	added placements in community-based residential services	
32 33	programs;	(ii)	added services in community-based vocational and day services	
34		(iii)	added services in family support services programs; and	
35		(iv)	added services in individual support services programs.	
36 37	(2) in paragraph (1) of th		hay be transferred from the Account for the purposes set forth tion only by:	

SENATE BILL 355

1	(i) an appropriation in the budget bill; or
	(ii) budget amendment only after the budget amendment is abmitted to the Senate Budget and Taxation Committee and the House ppropriations Committee of the General Assembly.]
5	7-310.1.
6 7	(a) In this section, "Account" means the Citizen Tax Reduction and Fiscal eserve Account.
10	(b) Except as provided in subsection (f) of this section, the Citizen Tax eduction and Fiscal Reserve Account is established to retain State revenues for the surpose of offsetting any revenue loss attributable to the enactment of legislation that:
12	(1) provides individual income tax relief; and
13 14	(2) expressly specifies the use of the funds in this Account for that purpose.
15 16	(c) The Account is a continuing, nonlapsing fund which is not subject to § 7-302 of this subtitle.
19	(d) (1) The Governor shall include a proposed appropriation to the account in the State budget bill submitted at the 1996 Session of the General Assembly in an amount equal to any unappropriated General Fund balance as of June 30 of the preceding year.
	(2) The Governor may provide an appropriation in the State budget bill to the Account in addition to the appropriation required under paragraph (1) of this subsection.
24 25	(e) (1) Funds may be transferred from the Account only to the extent uthorized as follows:
26 27	(i) funds to offset reductions in federal appropriations shall be in the form of a special fund appropriation in the State budget bill; and
28 29	(ii) funds to offset revenue reductions shall be expressly authorized in an act of the General Assembly other than the State budget bill.
30 31	(2) Funds in the Account may only be transferred from the Account as 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 34	(1) substantial reductions in federal revenues due to changes in federal aw or fiscal policies;



	(g) If authorized by an act of the General Assembly or specifically authorized in the State budget bill as enacted, the Governor may transfer funds from the [Account] FUND to General Fund revenues.				
6	(h) If the Governor transfers funds from the [Account] FUND pursuant to subsection (g) of this section, the amount of the transfer from the [Account] FUND shall be reduced by an amount equivalent to the reductions made by the General Assembly in the General Fund appropriations.				
	(i) Funds of the [Account] FUND may only be transferred from the [Account] FUND as provided in this section and are not subject to transfer by budget amendment.				
11	<u>7-312.</u>				
	(f) (1) At the end of the fiscal year, a transfer to the Dedicated Purpose [Account] FUND of the State Reserve Fund shall be made to the extent that the balance of revenues in the Fund exceeds:				
15	(i) \$24 million; and				
	(ii) the Debt Service Reserve Fund being held by or on behalf of the Maryland Stadium Authority for payment of debt service on revenue bonds issued by the Authority.				
19	<u>7-314.</u>				
20 21	(f) (1) Moneys appropriated or credited to the Fund do not revert to the Revenue Stabilization [Account] FUND.				
22	<u>7-324.</u>				
23 24	(g) Moneys appropriated to the Fund do not revert to the Revenue Stabilization [Account] FUND.				
27	SECTION 2. AND BE IT FURTHER ENACTED, That any funds remaining in the Citizen Tax Reduction and Fiscal Reserve Account on June 30, 1998 may not revert to the General Fund but shall be credited to an account in the Dedicated Purpose Fund, to be used to offset:				
29 30	(1) revenue loss attributable to the enactment of legislation reducing the individual income tax;				
31 32	(2) substantial reductions in federal revenues due to changes in federal law or fiscal policies;				
33 34	(3) reductions in State revenues attributable to changes in federal 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.

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