

Department of Legislative Services  
Maryland General Assembly

**FISCAL NOTE**

House Bill 324 (Delegate Rosenberg)

Appropriations

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**State Government - Expenditure Control Program - Use of Unspent Appropriations**

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This bill provides that, with the approval of the Department of Budget and Management (DBM), units of State government may retain up to 50% of unspent and unencumbered funds from a fiscal year for use in the next fiscal year, rather than have the funds revert to the general fund. By the end of the next fiscal year, units must report the amount and use of funds carried over to DBM and to the General Assembly.

This bill is effective July 1, 1998.

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**Fiscal Summary**

**State Effect:** Indeterminate effect on expenditures. Revenues are not affected.

**Local Effect:** Indeterminate effect on revenues. Expenditures are not affected.

**Small Business Effect:** None.

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**Fiscal Analysis**

**State Expenditures:** Under current law, unspent balances revert to the general fund at the end of the fiscal year unless otherwise directed by law. In fiscal 1999, reversions are estimated to total \$20 million, resulting in a projected general fund balance of \$1.3 million. If half of the unspent balance is carried into fiscal 2000, there would be a deficit of \$8.7 million.

If agencies were able to retain 50% of excess expenditures, however, there could be an incentive to realize savings. Thus, it is possible that the net amount of reversions could increase. For example, if agencies were able to reduce expenditures by \$30 million in fiscal

1999, the reversions would total \$25 million (half of the currently estimated \$20 million of reversions and half of the \$30 million in savings).

The Comptroller would incur \$2,000 to \$3,000 of computer programming costs for changes to the R\*STARS system; this expenditure could be absorbed within existing resources.

**Local Revenues:** If agencies are able to find savings in expenditures to local governments, local revenues could decline. Alternatively, carried-over funds could be distributed to local governments. The net impact could be positive or negative.

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**Information Source(s):** Department of Budget and Management, Office of the Comptroller (General Accounting Division), Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 1998

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