

HOUSE JOINT RESOLUTION 4

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P5

1999 Regular Session
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By: **Delegates Flanagan, Amedori, Baldwin, Bartlett, Boschert, Boutin, Brinkley, Cryor, Eckardt, Edwards, Elliott, Getty, Glassman, Greenip, Hutchins, Kach, J. Kelly, Kittleman, Klima, La Vay, Leopold, McClenahan, McKee, D. Murphy, O'Donnell, Parrott, Ports, Redmer, Rzepkowski, Schisler, Shank, Snodgrass, Stocksdale, Stull, and Walkup**

Introduced and read first time: January 29, 1999
Assigned to: Appropriations

HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **General Assembly - Determinations of Spending Affordability**

3 FOR the purpose of declaring that appropriations at the 1999 legislative session of
4 the Maryland General Assembly that are subject to a certain spending
5 affordability limit shall be limited to an amount 4.8% over appropriations
6 approved by the General Assembly at the 1998 legislative session; and generally
7 relating to spending affordability determinations by the General Assembly.

8 WHEREAS, The Spending Affordability Committee was created in 1982
9 (Chapter 585, Acts of 1982); and

10 WHEREAS, The Committee is composed of 18 legislative members including the
11 Presiding Officers, the majority and minority leaders, the chairmen of the fiscal
12 committees (or their designees), and other members appointed by the Presiding
13 Officers, and is assisted by a four-member citizen advisory committee; and

14 WHEREAS, The Committee's primary responsibility is to recommend to the
15 Governor and the General Assembly a level of spending for the State operating budget
16 that is reflective of the current and prospective condition of the State's economy; and

17 WHEREAS, The Committee gives consideration to constraining
18 disproportionate growth in State funding expenditures in any fiscal year which might
19 necessitate or "build in" unsustainable levels of spending in future years; and

20 WHEREAS, Especially during periods of strong economic growth, the
21 Committee has attempted to exert a "smoothing effect" on spending by limiting
22 spending increases relative to the level of growth in the State's economy; and

23 WHEREAS, The Committee's prior recommendations and legislative action
24 concerning the growth of the operating budget for spending are set forth in the
25 following table:

| 1 | | | Legislative |
|----------|--------------------------|-----------------------------------|-------------|
| 2 | Spending Affordability | | Action For |
| 3 Fiscal | Committee Recommendation | Percent of Growth in | Spending |
| 4 Year | For Spending Growth | Personal Income | Growth |
| 5 1983 | 10.18% | 90% of growth in personal income | 9.62% |
| 6 1984 | 9.00% | 80% of growth in personal income | 5.70% |
| 7 1985 | 6.15% | 102% of growth in personal income | 8.38% |
| 8 1986 | 8.00% | 120% of growth in personal income | 7.93% |
| 9 1987 | 7.70% | 75% of growth in personal income | 7.31% |
| 10 1988 | 7.28% | 90% of growth in personal income | 7.27% |
| 11 1989 | 8.58% | 3-year average of personal income | 8.54% |
| 12 1990 | 8.79% | 100% of growth in personal income | 8.78% |
| 13 1991 | 9.00% | 100% of growth in personal income | 8.98% |
| 14 1992 | 5.14% | 60% of growth in personal income | 5.00% |
| 15 1993 | None | | 10.00% |
| 16 1994 | 2.50% | 85% of growth in personal income | 2.48% |
| 17 1995 | 5.00% | 107.6% of growth in personal | |
| 18 | | income | 5.00% |
| 19 1996 | 4.50% | 109.4% of growth in estimated | |
| 20 | | personal income | 4.50% |
| 21 1997 | 4.25% | 88.4% of growth in estimated | |
| 22 | | personal income | 3.82% |
| 23 1998 | 4.15% | 86.3% of growth in estimated | |
| 24 | | personal income | 4.00% |
| 25 1999 | 4.90% | 95.7% of growth in estimated | |
| 26 | | personal income | 4.82% |
| 27 2000 | 5.90% | 122.4% of growth in estimated | |
| 28 | | personal income; and | |

29 WHEREAS, The Committee's recommendations have consistently served as a *de*
30 *facto* limit on the budget as enacted by the General Assembly; and

31 WHEREAS, The Committee met on December 22, 1998 and recommended a
32 budget growth of 5.9% "compared to estimated personal income growth of 4.82%",
33 which is 122% of the predicted growth in personal income; and

34 WHEREAS, This most recent recommendation by the Committee is the highest
35 percentage increase in spending relative to personal income growth of all the 16
36 budgets the Committee has recommended since FY 1983 and substantially exceeds
37 the average percentage of personal income growth of 93% for all 16 years; and

38 WHEREAS, The percentage increase in the budget relative to personal income
39 growth recommended by the Committee was 88.4% for FY 1997, 86.3% for FY 1998,
40 and 95.7% for FY 1999; and

41 WHEREAS, The Committee's recommended increase is unsupportable by
42 ongoing revenues and would require the use of existing fund balances; and

1 WHEREAS, Taxes from capital gains have accounted for over one-third of the
2 increase in income for revenues in recent years, and capital gains taxes historically
3 have been a volatile source of revenue; and

4 WHEREAS, The world economy has shown little sign of stabilizing and could
5 begin to impact the economy of the United States significantly; now, therefore, be it

6 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That
7 appropriations at the 1999 legislative session of the Maryland General Assembly that
8 are subject to the spending affordability limit shall be limited to an amount 4.8% over
9 appropriations approved by the General Assembly at the 1998 legislative session; and
10 be it further

11 RESOLVED, That a copy of this Resolution be forwarded by the Department of
12 Legislative Services to the Honorable Parris N. Glendening, Governor of Maryland;
13 The Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and
14 the Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates.