

SENATE BILL 142

Unofficial Copy  
B1

1999 Regular Session  
9lr0198  
CF 9lr0214

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By: **The President (Administration) and Senators Currie, Lawlah,  
McFadden, and Middleton**

Introduced and read first time: January 22, 1999  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 16, 1999

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **The Joseph Fund**

3 FOR the purpose of establishing the Joseph Fund as a nonlapsing fund within the  
4 State Reserve Fund; providing for the purpose and management of the Fund;  
5 specifying what moneys may constitute the Fund; authorizing the State  
6 Treasurer to invest moneys in the Fund in a certain manner; ~~requiring the~~  
7 ~~Comptroller to transfer certain moneys into~~ authorizing the Governor to include  
8 in the budget bill for certain fiscal years an appropriation to the Fund under  
9 certain circumstances; creating the Joseph Fund Board to ~~oversee the~~ advise the  
10 Governor on management of the Fund; providing for the membership and  
11 structure of the Board; specifying the powers and duties of the Board; specifying  
12 the powers and duties of the Governor regarding the Fund; authorizing moneys  
13 to be expended from the Fund under certain conditions and for certain purposes;  
14 requiring a certain report on an annual basis; specifying the terms of the initial  
15 members of the Board; defining certain terms; and generally relating to the  
16 establishment of the Joseph Fund and Joseph Fund Board.

17 BY repealing and reenacting, with amendments,  
18 Article - State Finance and Procurement  
19 Section 7-309  
20 Annotated Code of Maryland  
21 (1995 Replacement Volume and 1998 Supplement)

22 BY adding to  
23 Article - State Finance and Procurement  
24 Section 7-327

1 Annotated Code of Maryland  
2 (1995 Replacement Volume and 1998 Supplement)

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

5 **Article - State Finance and Procurement**

6 7-309.

7 (a) There is a State Reserve Fund.

8 (b) The State Reserve Fund [is comprised of] COMPRISES:

9 (1) the Dedicated Purpose Fund;

10 (2) the Revenue Stabilization Fund;

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

12 (4) the Catastrophic Event Fund; AND

13 (5) THE JOSEPH FUND.

14 7-327.

15 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
16 INDICATED.

17 (2) "BOARD" MEANS THE JOSEPH FUND BOARD.

18 (3) "FUND" MEANS THE JOSEPH FUND.

19 (4) "UNAPPROPRIATED SURPLUS" MEANS THE UNAPPROPRIATED  
20 GENERAL FUND BALANCE IN A FISCAL YEAR AS OF JUNE 30.

21 (B) THE JOSEPH FUND IS ESTABLISHED TO SET ASIDE RESERVES IN TIMES OF  
22 ECONOMIC PROSPERITY AND USE THOSE RESERVES TO MEET THE EMERGENCY  
23 NEEDS OF ECONOMICALLY DISADVANTAGED CITIZENS OF THE STATE, ESPECIALLY  
24 IN TIMES OF ECONOMIC DOWNTURN.

25 (C) (1) THE FUND IS A CONTINUING, NONLAPSING FUND WHICH IS NOT  
26 SUBJECT TO § 7-302 OF THIS SUBTITLE.

27 (2) THE TREASURER SHALL SEPARATELY HOLD AND THE COMPTROLLER  
28 SHALL ACCOUNT FOR THE FUND.

29 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
30 TREASURER MAY INVEST MONEYS IN THE FUND IN A MANNER CONSISTENT WITH  
31 THE INVESTMENT OF MONEYS BY THE STATE RETIREMENT AND PENSION SYSTEM.

1 (4) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO  
2 THE FUND.

3 (D) THE FUND CONSISTS OF:

4 (1) ~~MONEYS CREDITED~~ APPROPRIATED IN THE STATE BUDGET TO THE  
5 ~~FUND UNDER SUBSECTION (E) OF THIS SECTION;~~

6 (2) EARNINGS FROM THE INVESTMENT OF MONEYS IN THE FUND; AND

7 (3) ANY OTHER MONEYS ACCEPTED FOR THE BENEFIT OF THE FUND  
8 FROM ANY GOVERNMENTAL OR PRIVATE SOURCE.

9 (E) ~~BY OCTOBER 1 OF EACH YEAR, THE COMPTROLLER SHALL:~~

10 (1) ~~CERTIFY THE AMOUNT OF UNAPPROPRIATED SURPLUS FOR THE~~  
11 ~~PRECEDING FISCAL YEAR; AND~~

12 (2) ~~TRANSFER TO THE JOSEPH FUND FOR FISCAL YEAR 2002 AND EACH~~  
13 ~~SUBSEQUENT FISCAL YEAR, THE GOVERNOR MAY INCLUDE IN THE BUDGET BILL AN~~  
14 ~~APPROPRIATION TO THE JOSEPH FUND EQUAL TO THE LESSER OF:~~

15 (I) 20% OF THE UNAPPROPRIATED SURPLUS AS OF THE END OF  
16 THE FISCAL YEAR TWO YEARS PRIOR TO THE FISCAL YEAR FOR WHICH THE  
17 APPROPRIATION IS PROPOSED; OR

18 (II) \$5,000,000.

19 (F) (1) THERE IS A JOSEPH FUND BOARD IN STATE GOVERNMENT.

20 (2) THE BOARD SHALL BE COMPOSED OF 13 MEMBERS AS FOLLOWS:

21 (I) 11 MEMBERS APPOINTED BY THE GOVERNOR WITH THE ADVICE  
22 AND CONSENT OF THE SENATE AS FOLLOWS:

23 1. TWO REPRESENTATIVES FROM THE EXECUTIVE BRANCH  
24 OF STATE GOVERNMENT;

25 2. ONE REPRESENTATIVE FROM THE CHILD WELFARE  
26 ADVOCACY COMMUNITY;

27 3. ONE REPRESENTATIVE FROM THE STATEWIDE HEALTH  
28 ADVOCACY COMMUNITY;

29 4. ONE REPRESENTATIVE FROM THE STATEWIDE HUNGER  
30 AND HOMELESS ADVOCACY COMMUNITY;

31 5. THREE REPRESENTATIVES FROM ~~A STATEWIDE NETWORK~~  
32 ~~OF CONGREGATIONAL BASED INTERFAITH MULTI-ISSUED ORGANIZATIONS WITH A~~  
33 HISTORY OF ADVOCACY ON ISSUES THAT AFFECT THE POOR; AND

1 6. THREE REPRESENTATIVES FROM THE GENERAL PUBLIC;  
2 ~~INCLUDING ONE REPRESENTATIVE WITH FINANCIAL EXPERTISE;~~

3 (II) ONE REPRESENTATIVE APPOINTED BY THE PRESIDENT OF THE  
4 SENATE OF MARYLAND; AND

5 (III) ONE REPRESENTATIVE APPOINTED BY THE SPEAKER OF THE  
6 HOUSE OF DELEGATES.

7 (3) THE MEMBERS OF THE BOARD SHALL REFLECT THE GEOGRAPHIC,  
8 RACIAL, AND GENDER MAKE UP OF THE STATE.

9 (3) (4) (I) THE TERM OF A MEMBER IS ~~6~~ 4 YEARS.

10 (II) THE TERMS OF MEMBERS SHALL BE STAGGERED AS REQUIRED  
11 BY THE TERMS PROVIDED FOR MEMBERS OF THE BOARD ON JULY 1, 1999.

12 (III) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE  
13 UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

14 (IV) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN  
15 SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED  
16 AND QUALIFIES.

17 (V) A MEMBER MAY BE REMOVED ONLY FOR CAUSE.

18 (VI) THE GOVERNOR SHALL DESIGNATE A CHAIRMAN FROM AMONG  
19 THE MEMBERS.

20 (VII) ATTENDANCE BY A MAJORITY OF THE VOTING MEMBERS  
21 SHALL CONSTITUTE A QUORUM.

22 (4) (5) THE BOARD SHALL MEET AS OFTEN AS THE BOARD'S DUTIES  
23 REQUIRE, BUT NO LESS THAN ANNUALLY.

24 (5) (4) (6) THE MEMBERS OF THE BOARD ARE SUBJECT TO THE  
25 PROVISIONS OF THE MARYLAND PUBLIC ETHICS LAW.

26 (II) ~~MEMBERS OF THE BOARD ARE NOT ENTITLED TO ANY~~  
27 ~~COMPENSATION OR OTHER EMOLUMENT, EXCEPT REASONABLE EXPENSES~~  
28 ~~INCURRED IN CONNECTION WITH ATTENDANCE AT MEETINGS AND WORKING~~  
29 ~~SESSIONS, FOR ANY SERVICES RENDERED AS A MEMBER OF THE BOARD.~~

30 (7) A MEMBER OF THE BOARD MAY NOT RECEIVE COMPENSATION AS A  
31 MEMBER OF THE BOARD BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES  
32 UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE  
33 BUDGET.

34 (6) (8) THE DEPARTMENT OF HUMAN RESOURCES SHALL PROVIDE  
35 STAFF SUPPORT TO THE BOARD.

1 (G) (1) THE BOARD SHALL ~~OVERSEE~~ ADVISE THE GOVERNOR ON THE  
2 MANAGEMENT OF THE FUND.

3 (2) AT LEAST ONCE ANNUALLY, THE BOARD SHALL:

4 (I) REVIEW THE FINANCIAL STATUS OF THE FUND; AND

5 (II) DETERMINE IF EXPENDITURES FROM THE FUND ARE  
6 WARRANTED;

7 ~~(III) REVIEW REQUESTS FOR EXPENDITURES FROM THE FUND, AS~~  
8 ~~APPROPRIATE; AND.~~

9 ~~(IV)~~ (3) SUBJECT TO THE RESTRICTIONS IN SUBSECTION (H) OF  
10 THIS SECTION, AUTHORIZE THE EXPENDITURE OF ANY MONEYS THE BOARD MAY  
11 FORWARD RECOMMENDATIONS TO THE GOVERNOR FOR EXPENDITURES FROM THE  
12 FUND.

13 (H) (1) ~~NOTWITHSTANDING ANY OTHER PROVISION IN THIS SUBSECTION,~~  
14 ~~MONEYS MAY NOT BE EXPENDED FROM THE FUND UNTIL THE BALANCE IN THE~~  
15 ~~FUND HAS REACHED \$10,000,000. THE GOVERNOR SHALL REVIEW AND RESPOND TO~~  
16 THE RECOMMENDATIONS OF THE BOARD IN A TIMELY MANNER.

17 (2) SUBJECT TO THE RESTRICTIONS IN THIS SUBSECTION, THE  
18 GOVERNOR MAY AUTHORIZE THE EXPENDITURE OF MONEYS FROM THE FUND.

19 (3) IF THE GOVERNOR AUTHORIZES AN EXPENDITURE FROM THE FUND  
20 NOT RECOMMENDED BY THE BOARD, THE GOVERNOR SHALL NOTIFY THE BOARD  
21 PRIOR TO THE AUTHORIZATION.

22 ~~(2)~~ (4) EXCEPT AS PROVIDED IN PARAGRAPH ~~(3)~~ (5) OF THIS  
23 SUBSECTION, THE BOARD GOVERNOR MAY AUTHORIZE IN A FISCAL YEAR THE  
24 EXPENDITURE OF UP TO 25% OF THE INVESTMENT EARNINGS OF THE FUND FROM  
25 THE PRECEDING FISCAL YEAR.

26 ~~(3)~~ (5) UPON CERTIFICATION FROM THE DEPARTMENT OF LABOR,  
27 LICENSING, AND REGULATION THAT THE STATEWIDE UNEMPLOYMENT RATE HAS  
28 INCREASED FOR 3 CONSECUTIVE MONTHS, THE BOARD GOVERNOR MAY AUTHORIZE  
29 IN A FISCAL YEAR THE EXPENDITURE OF UP TO:

30 (I) 100% OF THE INVESTMENT EARNINGS OF THE FUND FROM THE  
31 PRECEDING FISCAL YEAR; AND

32 (II) 40% ~~25%~~ OF THE REMAINING BALANCE OF THE FUND.

33 (6) NOTWITHSTANDING ANY OTHER PROVISION IN THIS SUBSECTION,  
34 MONEYS MAY NOT BE EXPENDED FROM THE FUND UNTIL THE BALANCE IN THE  
35 FUND HAS REACHED \$15,000,000.

1           ~~(4)~~    ~~(7)~~    (I)    MONEYS FROM THE FUND SHALL BE USED ON A  
2 STATEWIDE BASIS TO MEET THE EMERGENCY NEEDS OF ECONOMICALLY  
3 DISADVANTAGED CITIZENS OF THE STATE.

4                   (II)    ~~EXPENDITURES FROM~~ THE FUND SHALL BE USED ONLY FOR  
5 PROGRAMS AND SERVICES THAT:

- 6                                   1.       SERVE THE NEEDS OF CHILDREN;  
7                                   2.       PROVIDE HEALTH SERVICES TO INDIVIDUALS IN NEED;  
8 AND  
9                                   3.       PROVIDE FOOD OR SHELTER ASSISTANCE TO  
10 INDIVIDUALS IN NEED.

11           ~~(5)~~    ~~(8)~~    ~~EXPENDITURES FROM~~ THE FUND MAY NOT BE USED TO  
12 SUPPLANT EXISTING PUBLIC AND PRIVATE EXPENDITURES, ~~EXCEPT IN CASES OF~~  
13 ~~ECONOMIC DOWNTURN WHEN UNLESS THE DEPARTMENT OF LABOR, LICENSING,~~  
14 ~~AND REGULATION MAKES THE CERTIFICATION UNDER PARAGRAPH (5) OF THIS~~  
15 ~~SUBSECTION AND~~ REDUCTIONS IN PUBLIC AND PRIVATE EXPENDITURES WARRANT  
16 SUPPLANTATION.

17           ~~(6)~~    ~~EXPENDITURES FROM THE FUND AUTHORIZED BY THE BOARD~~  
18 ~~SHALL BE MADE TO STATE AGENCIES BY BUDGET AMENDMENT.~~

19           (9)       EXPENDITURES FROM THE FUND MAY BE:

20                   (I)       INCLUDED IN THE STATE BUDGET SUBJECT TO  
21 APPROPRIATION BY THE GENERAL ASSEMBLY; OR

22                   (II)       MADE BY BUDGET AMENDMENT TO THE EXPENDITURE  
23 ACCOUNT OF THE APPROPRIATE UNIT OF STATE GOVERNMENT ONLY AFTER THE  
24 PROPOSED BUDGET AMENDMENT HAS BEEN SUBMITTED TO THE SENATE BUDGET  
25 AND TAXATION COMMITTEE AND THE HOUSE APPROPRIATIONS COMMITTEE OF THE  
26 GENERAL ASSEMBLY.

27       (I)       THE BOARD SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246  
28 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY BEFORE  
29 SEPTEMBER 1 OF EACH YEAR ON THE FINANCIAL STATUS OF THE FUND AND THE  
30 EXPENDITURES FROM THE FUND FOR THE PRECEDING FISCAL YEAR.

31       SECTION 2. AND BE IT FURTHER ENACTED, That terms of the initial  
32 members of the Joseph Fund Board shall expire as follows:

- 33                   ~~(1)~~       ~~three in 2000;~~  
34                   ~~(2)~~       ~~three in 2001;~~  
35                   ~~(3)~~       ~~three in 2002;~~  
36                   ~~(4)~~       ~~two in 2003; and~~

1           ~~(5)     two in 2004.~~

2           (1)     five in 2000;

3           (2)     four in 2001; and

4           (3)     four in 2002.

5        SECTION 3. AND BE IT FURTHER ENACTED, That for Fiscal Year 2001, the  
6 Governor may include in the budget bill an appropriation to the Joseph Fund equal to  
7 the lesser of:

8                   (i)     40% of the unappropriated surplus as of June 30, 1999; or

9                   (ii)    \$10,000,000.

10       ~~SECTION 3. 4.~~ AND BE IT FURTHER ENACTED, That this Act shall take  
11 effect July 1, 1999.