

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 637 (Senators Hoffman and Middleton)

Budget and Taxation

State Transfer Tax Revenues - Budget Amendment for Excess Revenues

This bill provides that the amount of State transfer tax revenues as estimated in the December 1998 report of the Board of Revenue Estimates that exceeds the revenue estimate used in the fiscal 1999 State budget may be made available for expenditure in fiscal 1999.

This bill takes effect June 1, 1999.

Fiscal Summary

State Effect: Special fund expenditures would increase by \$13.4 million in FY 1999 and decrease by \$13.4 million in FY 2001. No effect in FY 2000. Special fund revenues are not affected.

Local Effect: Local Program Open Space funds increase by \$5 million in FY 1999 and decrease by \$5 million in FY 2001.

Small Business Effect: None.

Fiscal Analysis

State Effect: The Bureau of Revenue Estimates projected in December 1997 that State transfer tax revenues would total \$71.9 million in fiscal 1999. This estimate formed the basis for the State's fiscal 1999 appropriation for Program Open Space, the Agricultural Land Preservation Fund, the Heritage Conservation Fund, and Rural Legacy Program. In December 1998, the Bureau of Revenue Estimates revised upward the projection to \$85.3 million, resulting in a \$13.4 million increase in State transfer tax revenue.

Under current law, if actual transfer tax revenue collections exceed the revenue estimates used to distribute funding for these four programs, the additional revenue is set aside for

these programs in the second following year. Accordingly, if the bureau's revenue projection is accurate, the additional \$13.4 million would be spent in fiscal 2001 and allocated to the different programs as provided in law. Under this bill, the additional funds could be spent in fiscal 1999 and not fiscal 2001.

Under current law, 90% of State transfer tax revenues are dedicated to Program Open Space, the Agricultural Land Preservation Fund, and the Heritage Conservation Fund. The remaining 10% of revenues are dedicated to the Rural Legacy Program, Program Open Space, and the Agricultural Land Preservation Fund.

Local Effect: Approximately 50% of Program Open Space funds are allocated to local governments. Based on the current distribution formula, local governments would receive \$5.0 million of the projected fiscal 1999 over attainment in fiscal 2001. Pursuant to this bill, local governments would receive the funds in fiscal 1991, two years earlier than under current law.

Information Source(s): Department of Legislative Services, Comptroller's Office

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