

HOUSE JOINT RESOLUTION 20

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

Introduced and read first time: February 9, 2001
Assigned to: Appropriations

HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **Spending Affordability - Limitation on the Unrestrained Growth in State**
3 **Spending**

4 FOR the purpose of declaring that appropriations at the 2001 legislative session of
5 the Maryland General Assembly that are subject to a certain spending
6 affordability limit shall be limited to an amount 6.2% over appropriations
7 approved by the General Assembly at the 2000 legislative session; and generally
8 relating to spending affordability determinations by the General Assembly.

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

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

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

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

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

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

1	Spending Affordability	Legislative	
2	Committee	Action For	
3 Fiscal	Recommendation	Percent of Growth in	Spending
4 Year	For Spending	Growth	Growth
		Personal Income	
5 1983	10.18%	90% of growth in personal	9.62%
6		income	
7 1984	9.00%	80% of growth in personal	5.70%
8		income	
9 1985	6.15%	102% of growth in personal	8.38%
10		income	
11 1986	8.00%	120% of growth in personal	7.93%
12		income	
13 1987	7.70%	75% of growth in personal	7.31%
14		income	
15 1988	7.28%	90% of growth in personal	7.27%
16		income	
17 1989	8.58%	136% of growth in estimated	8.54%
18		personal income	
19 1990	8.79%	113% of growth in estimated	8.78%
20		personal income	
21 1991	9.00%	125% of growth in estimated	8.98%
22		personal income	
23 1992	5.14%	86% of growth in estimated	5.00%
24		personal income	
25 1993	None	10.00%	
26 1994	2.50%	52% of growth in estimated	2.48%
27		personal income	
28 1995	5.00%	92% of growth in estimated	5.00%
29		personal income	
30 1996	4.50%	77% of growth in estimated	4.50%
31		personal income	
32 1997	4.25%	88% of growth in estimated	3.82%
33		personal income	
34 1998	4.15%	86% of growth in estimated	4.00%
35		personal income	
36 1999	4.90%	96% of growth in estimated	4.82%
37		personal income	
38 2000	5.90%	124% of growth in estimated	5.82%
39		personal income	
40 2001	6.90%	128% of growth in estimated	6.86%
41		personal income	
42 2002	6.95%	112% of growth in estimated	
43		personal income; and	

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

1 WHEREAS, The Committee met on December 19, 2000 and recommended a
2 budget growth of 6.95% "compared to estimated personal income growth of 6.2%",
3 which is 112% of the predicted growth in personal income; and

4 WHEREAS, Taxes from capital gains have accounted for over 20% of the
5 increase in income tax revenues in recent years, and capital gains taxes historically
6 have been a volatile source of revenue; and

7 WHEREAS, There are indicators of a national economic slowdown and, thus,
8 State spending should not exceed the growth in the State's economy; and

9 WHEREAS, The statutorily stated goal of the spending affordability process is
10 to limit the rate of growth in State spending to a level that does not exceed the rate of
11 growth of the State's economy; and

12 WHEREAS, Limiting the growth in State spending to the estimated 6.2%
13 growth in personal income would allow State operating spending to increase by \$790
14 million; now, therefore, be it

15 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That
16 appropriations at the 2001 legislative session of the Maryland General Assembly that
17 are subject to the spending affordability limit shall be limited to an amount 6.2% over
18 appropriations approved by the General Assembly at the 2000 legislative session; and
19 be it further

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