

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 370
Budget and Taxation

(Senator Hogan, *et al.*)

State Budget - Budget Process

This constitutional amendment modifies the State budget process by allowing the General Assembly to increase and make additional appropriations for Executive Branch agencies. The total appropriation for the Executive Branch approved by the General Assembly cannot exceed the total allowance for the Executive Branch submitted by the Governor. The Governor can veto any increase or additional item added by the General Assembly. If the Governor exercises the veto authority, the presiding officers could convene an extraordinary session within 30 days after the Governor's action to consider the vetoed items. The extraordinary session would be limited solely to the budget vetoes.

Fiscal Summary

State Effect: This constitutional amendment could increase State expenditures due to the costs of holding extraordinary legislative sessions to consider the Governor's vetoes of legislative budgetary actions.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Section 52 of Article III of the Maryland Constitution prohibits the General Assembly from increasing any budget item or adding any new appropriations item to the executive budget for Executive Branch agencies. The General Assembly can increase or add an appropriations item relating to the legislature or judiciary. In addition, through a supplementary appropriations bill, the General Assembly can add expenditures

if matched with new revenues. Through legislation, the General Assembly can also mandate expenditures in the executive budget for a subsequent fiscal year.

Background: Most state legislatures have the authority to increase or add an appropriation to the governor's budget. Maryland, Nebraska, and West Virginia limit the power of the legislature to increase or decrease budget items. In Maryland, the legislature may decrease but not increase appropriations by the executive. In Nebraska, a three-fifths vote is required for the legislature to increase the governor's recommendations; a majority vote is required to reject or decrease them. In West Virginia, the legislature cannot reduce the judiciary budget or create a deficit.

State Fiscal Effect: This modification to the State's budget process should not increase the expenditures incurred by the Executive Branch in preparing the budget or the Legislative Branch in approving the budget. To the extent the Governor exercises the veto power, extraordinary sessions of the General Assembly could be convened. It is assumed these sessions will be of limited duration and have a cost of approximately \$45,000 per day.

Local Fiscal Effect: If approved by the General Assembly, this constitutional amendment will be submitted to the voters at the 2004 general election. The Maryland Constitution requires that proposed amendments to the constitution be publicized either: (1) in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding a general election; or (2) by order of the Governor in a manner provided by law. State law requires local boards of elections to publicize proposed amendments to the constitution either in newspapers or on specimen ballots. Local boards of elections are responsible for the costs associated with these requirements. It is anticipated that the fiscal 2005 budgets of local elections boards will contain funding for notifying qualified voters about proposed constitutional amendments for the 2004 general election in newspapers or on specimen ballots. It should not result in additional costs for the county elections boards.

Additional Information

Prior Introductions: A similar bill was introduced at the 2002 session as SB 476. The bill received a favorable report from the Senate Budget and Taxation Committee but was rejected by the full Senate. At the 2001 session, SB 245 was introduced. The bill received a favorable with amendments report from the Senate Budget and Taxation Committee but failed on third reading in the Senate. At the 1994 session, SB 395 was introduced. The bill received a favorable report from the Senate Budget and Taxation Committee but was rejected by the full Senate.

Cross File: HB 1247 (Delegate Branch, *et al.*) – Appropriations.

Information Source(s): Department of Budget and Management, Department of Legislative Services

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