

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1027
Appropriations

(Delegate Haynes, *et al.*)

Budget and Taxation

State Personnel - Awards - Interest

This bill requires the Governor to include in the budget an amount of money sufficient to pay interest on awards made against the State or an officer or a unit of the State. The interest is to be equal to the average rate of return the State received on its investments over the period in which the award was outstanding.

Fiscal Summary

State Effect: Potential increase in general fund expenditures, depending on the amount and date of each award made against the State.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: If the State has sufficient money available to pay an award against the State or an officer or unit of the State, the award must be paid as soon as practicable within 20 days after the award is final. If sufficient money is not available, the affected unit or officer must report the outstanding award to the State Comptroller who is required to keep records of the outstanding awards. The Governor is required to include in the State budget enough funds to pay all awards made against the State. Upon appropriation by the General Assembly, the Comptroller is required to authorize payment of all outstanding awards in the order of when each award was made.

State Fiscal Effect: The fiscal 2005 appropriation to the Comptroller's Office for the payment of judgments made against the State was \$90,000. The fiscal 2006 proposed appropriation is \$300,000. The Comptroller's Office advises that the current return on State investments is 2.5%. The amount of interest to be appropriated under this bill cannot be reliably estimated at this time, as it would depend on the date that each outstanding award was made. *For illustrative purposes only*, assuming that \$300,000 was awarded to grievants on July 1, 2005 and they are paid on July 1, 2006, the additional fiscal 2007 expenditure would be \$7,500.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 6, 2005
n/rhh

Analysis by: Joshua A. Watters

Direct Inquiries to:
(410) 946-5510
(301) 970-5510