
By: **Senators Currie, DeGrange, Exum, Forehand, Green, Hogan, Hollinger,
Hughes, Kelley, Kramer, Middleton, and Ruben**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 28, 2006

CHAPTER _____

1 AN ACT concerning

2 **Operating Budget - Revenue Stabilization Account - Use and Minimum**
3 **Appropriation**

4 FOR the purpose of altering a certain percentage used to determine when certain
5 minimum appropriations to the Revenue Stabilization Account are required and
6 to calculate certain minimum annual appropriations to the Account; authorizing
7 the Governor to transfer funds from the Account to General Fund revenues as
8 necessary to support the operation of State government on a temporary basis
9 under certain circumstances; limiting the authority of the Governor to transfer
10 funds from the Account to General Fund revenues under certain circumstances;
11 and generally relating to the use of the Revenue Stabilization Account and
12 appropriations to the Account.

13 BY repealing and reenacting, with amendments,
14 Article - State Finance and Procurement
15 Section 7-311
16 Annotated Code of Maryland
17 (2001 Replacement Volume and 2005 Supplement)

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

20 **Article - State Finance and Procurement**

21 7-311.

22 (a) (1) In this section the following words have the meanings indicated.

1 (2) "Account" means the Revenue Stabilization Account.

2 (3) "Estimated General Fund revenues" means the estimated General
3 Fund revenues stated in the annual report of the Board of Revenue Estimates
4 submitted to the Governor under § 6-106 of this article.

5 (b) The Revenue Stabilization Account is established to retain State revenues
6 for future needs and reduce the need for future tax increases by moderating revenue
7 growth.

8 (c) The Account is a continuing, nonlapsing fund which is not subject to §
9 7-302 of this subtitle.

10 (d) The Account consists of:

11 (1) moneys appropriated in the State budget to the Account; and

12 (2) interest or other income earned from the investment of any portion of
13 this Account or any other account in the State Reserve Fund.

14 (e) Except as provided in subsection (f) of this section, for each fiscal year:

15 (1) if the Account balance is below 3% of the estimated General Fund
16 revenues for that fiscal year, the Governor shall include in the budget bill an
17 appropriation to the Account equal to at least \$100,000,000; and

18 (2) if the Account balance is at least 3% but less than [5%] 7.5% of the
19 estimated General Fund revenues for that fiscal year, the Governor shall include in
20 the budget bill an appropriation to the Account equal to at least the lesser of
21 \$50,000,000 or whatever amount is required for the Account balance to exceed [5%]
22 7.5% of the estimated General Fund revenues for that fiscal year.

23 (f) The appropriations required by subsection (e) of this section are not
24 required when the Account balance exceeds [5%] 7.5% of the estimated General Fund
25 revenues.

26 (g) (1) [If] UNLESS THE TRANSFER WOULD RESULT IN AN ACCOUNT
27 BALANCE BELOW 5% OF THE ESTIMATED GENERAL FUND REVENUES FOR THE
28 FISCAL YEAR IN WHICH THE TRANSFER IS MADE, IF authorized by an act of the
29 General Assembly or specifically authorized in the State budget bill as enacted, the
30 Governor may transfer funds from the Account to General Fund revenues AS
31 NECESSARY TO SUPPORT THE OPERATION OF STATE GOVERNMENT ON A
32 TEMPORARY BASIS.

33 (2) IF THE TRANSFER WOULD RESULT IN AN ACCOUNT BALANCE BELOW
34 5% OF THE ESTIMATED GENERAL FUND REVENUES FOR THE FISCAL YEAR IN WHICH
35 THE TRANSFER IS MADE, THE GOVERNOR MAY TRANSFER FUNDS FROM THE
36 ACCOUNT TO GENERAL FUND REVENUES ONLY IF THE TRANSFER IS AUTHORIZED BY
37 AN ACT OF THE GENERAL ASSEMBLY OTHER THAN THE STATE BUDGET BILL.

1 (h) If the budget bill as submitted to the General Assembly includes a transfer
2 of funds from the Account pursuant to subsection (g) of this section, the budget bill as
3 enacted by the General Assembly may provide for a reduction of the amount of the
4 transfer from the Account by an amount up to the amount of the reductions made by
5 the General Assembly in the General Fund appropriations.

6 (i) Funds of the Account may only be transferred from the Account as
7 provided in this section and are not subject to transfer by budget amendment.

8 (j) (1) Except as provided in paragraph (2) of this subsection and §
9 13-209(g) of the Tax - Property Article, for fiscal year 2007 and for each subsequent
10 fiscal year, the Governor shall include in the budget bill an appropriation to the
11 Account equal to the amount by which the unappropriated General Fund surplus as
12 of June 30 of the second preceding fiscal year exceeds \$10,000,000.

13 (2) The appropriation required under this subsection for any fiscal year
14 may be reduced by the amount of any appropriation to the Account required to be
15 included for that fiscal year under subsection (e) of this section.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2006.