
By: **Senators Lawlah, Kelley, McFadden, Middleton, Munson, and Ruben**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Reserve Fund - Federal Fund Replacement Account - Creation**

3 FOR the purpose of establishing the Federal Fund Replacement Account; specifying
4 that the purpose of the Account is to replace federal funds that were anticipated
5 in the State budget but not received; requiring the Governor to include a certain
6 appropriation in the budget bill if the balance in the Account falls below a
7 certain amount; authorizing the Governor to transfer money from the Account to
8 an expenditure account of a certain unit of State government under certain
9 circumstances by certain means; providing that a certain transfer of money may
10 not exceed the amount of federal funds anticipated in the State budget but not
11 received, may only be used for the purposes anticipated in the State budget, and
12 may not transfer money from the Account to a special fund; defining a certain
13 term; and generally relating to the Federal Fund Replacement Account.

14 BY repealing and reenacting, with amendments,
15 Article - State Finance and Procurement
16 Section 7-309(b)
17 Annotated Code of Maryland
18 (2001 Replacement Volume and 2005 Supplement)

19 BY adding to
20 Article - State Finance and Procurement
21 Section 7-328
22 Annotated Code of Maryland
23 (2001 Replacement Volume and 2005 Supplement)

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

26 **Article - State Finance and Procurement**

27 7-309.

28 (b) The State Reserve Fund comprises:

- 1 (1) the Dedicated Purpose Account;
- 2 (2) the Revenue Stabilization Account;
- 3 (3) the Economic Development Opportunities Program Account;
- 4 (4) the Catastrophic Event Account; [and]
- 5 (5) the Joseph Fund Account; AND
- 6 (6) THE FEDERAL FUND REPLACEMENT ACCOUNT.

7 7-328.

8 (A) IN THIS SECTION, "ACCOUNT" MEANS THE FEDERAL FUND REPLACEMENT
9 ACCOUNT.

10 (B) THERE IS A FEDERAL FUND REPLACEMENT ACCOUNT IN THE STATE
11 RESERVE FUND.

12 (C) THE PURPOSE OF THE ACCOUNT IS TO REPLACE FEDERAL FUNDS THAT
13 WERE ANTICIPATED IN THE STATE BUDGET BUT WERE NOT RECEIVED BY THE
14 STATE.

15 (D) THE ACCOUNT IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO
16 § 7-302 OF THIS SUBTITLE.

17 (E) (1) THE ACCOUNT CONSISTS OF MONEY APPROPRIATED IN THE STATE
18 BUDGET TO THE ACCOUNT.

19 (2) IF THE ACCOUNT BALANCE FALLS BELOW \$50,000,000, THE
20 GOVERNOR SHALL INCLUDE IN THE BUDGET BILL AN APPROPRIATION SUFFICIENT
21 TO BRING THE ACCOUNT BALANCE TO AT LEAST \$50,000,000.

22 (F) (1) IF THE STATE DOES NOT RECEIVE FEDERAL FUNDS IN THE AMOUNT
23 OR FOR THE PURPOSES ANTICIPATED IN THE STATE BUDGET FOR A FISCAL YEAR,
24 THE GOVERNOR MAY TRANSFER MONEY FROM THE ACCOUNT TO THE EXPENDITURE
25 ACCOUNT OF THE APPROPRIATE UNIT OF STATE GOVERNMENT:

26 (I) THROUGH THE BUDGET BILL FOR THE NEXT FISCAL YEAR; OR

27 (II) BY BUDGET AMENDMENT ONLY AFTER THE PROPOSED
28 BUDGET AMENDMENT HAS BEEN:

29 1. APPROVED BY THE BOARD OF PUBLIC WORKS;

30 2. SUBMITTED TO THE SENATE BUDGET AND TAXATION
31 COMMITTEE AND THE HOUSE APPROPRIATIONS COMMITTEE OF THE GENERAL
32 ASSEMBLY; AND

33 3. APPROVED BY THE LEGISLATIVE POLICY COMMITTEE.

1 (2) A TRANSFER MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION:

2 (I) MAY NOT EXCEED THE AMOUNT OF FEDERAL FUNDS
3 ANTICIPATED IN THE STATE BUDGET BUT NOT RECEIVED;

4 (II) MAY ONLY BE USED FOR THE PURPOSES ANTICIPATED IN THE
5 STATE BUDGET; AND

6 (III) MAY NOT TRANSFER MONEY FROM THE ACCOUNT TO A
7 SPECIAL FUND.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 June 1, 2006.