

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 181 (The President)(Governor’s Salary Commission)
 Budget and Taxation

Constitutional Officers - Salaries

This bill implements the salary recommendations of the Governor’s Salary Commission for the Attorney General, Comptroller, Secretary of State, and Treasurer for the next following term of office.

Fiscal Summary

State Effect: General fund expenditures could increase by \$8,300 in FY 2007 and by \$66,800 in FY 2011 for increased salaries and fringe benefits of the constitutional officers. Future years reflect annualization and statutory salary increases. Revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	8,300	25,000	41,700	58,400	66,800
Net Effect	(\$8,300)	(\$25,000)	(\$41,700)	(\$58,400)	(\$66,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill would increase the salaries of the Attorney General, Comptroller, Secretary of State, and Treasurer for each year of the next four-year term as shown in **Exhibit 1**.

Exhibit 1
Salary Changes for the Attorney General, Comptroller, Secretary of State, and Treasurer

<u>Year of Term</u>	<u>Calendar Year</u>	<u>Attorney General, Comptroller, and Treasurer</u>	<u>% Increase of Current Salary</u>	<u>Secretary of State</u>	<u>% Increase of Current Salary</u>
First	2007	\$129,167	3.3	\$90,417	3.3
Second	2008	133,333	6.7	93,333	6.7
Third	2009	137,500	10.0	96,250	10.0
Fourth	2010	141,667	13.3	99,167	13.3

Current Law: The Budget Reconciliation and Financing Act of 2002 (Chapter 440) implemented the salary recommendations of the Governor’s Salary Commission for the Attorney General, Comptroller, Secretary of State, and Treasurer and statutorily established the salaries of the four constitutional officers. The Act set the salaries for the Attorney General, Comptroller, and Treasurer at \$112,500 for the first year of the term of the current incumbent and increased the salaries by approximately \$4,167 each year until the salaries reached \$125,000 in the fourth year. The Secretary of State’s salary was set at \$78,750 for the first year of the term and increased by approximately \$2,917 each year until the salary reached \$87,500 in the fourth year.

Background: The Governor’s Salary Commission, created by a constitutional amendment in 1976 has seven members, including the State Treasurer, three persons appointed by the President of the Senate, and three persons appointed by the Speaker of the House of Delegates. Appointees serve a four-year term. Members of the General Assembly and officers and employees of the State or a political subdivision of the State are not eligible for appointment to the commission. The constitutional amendment provides as follows.

The commission must submit salary recommendations for the Governor and Lieutenant Governor to the General Assembly within 10 calendar days after the beginning of the last regular General Assembly session in a four-year term of office. A joint resolution incorporating the recommendations must be introduced in each House of the General Assembly by the fifteenth day of the session. If the commission does not recommend any change in salary, no joint resolution needs to be introduced and the salaries for the two offices will not change during the next four-year term.

The General Assembly may endorse or reduce the commission’s proposals but may not increase the proposed salaries. Failure to adopt a joint resolution within 50 calendar days

following its introduction results in adoption of the salaries recommended by the commission.

Neither the commission nor the General Assembly may recommend or endorse salaries lower than those received by the incumbent Governor and Lieutenant Governor.

Salaries resulting from these actions take effect at the beginning of the next term of office, *i.e.*, January 17, 2007.

Beginning with the 1981 Governor's Salary Commission, the commission has made recommendations, per the Governor's request, on salaries for four constitutional officers: State Treasurer, Comptroller of the Treasury, Attorney General, and Secretary of State. Governor Ehrlich requested that the 2005 Governor's Salary Commission review and recommend compensation for these constitutional officers. The Treasurer did not participate in determining the salaries for the other constitutional officers.

The *Report of the Governor's Salary Commission*, published in January 2006, contains appendices showing the salaries and rankings for each of the constitutional officers in all 50 states.

The 1989 Governor's Salary Commission recommended a salary of \$115,000 for the Attorney General, Comptroller, and Treasurer and \$80,000 for the Secretary of State for the 1990-1994 term of office. The General Assembly amended the recommendation to reflect a salary for the Attorney General, Comptroller, and Treasurer of \$100,000 and a salary of \$70,000 for the Secretary of State. The 1993 Governor's Salary Commission did not recommend an increase. The 1997 Governor's Salary Commission made the same salary recommendations as the 1989 commission. The recommendations were rejected by the General Assembly.

State Fiscal Effect: General fund expenditures would increase by \$8,345 in fiscal 2007 and \$66,756 in fiscal 2011 for increased compensation to the constitutional officers. The estimate assumes a constant employer contribution rate of 6.83% for retirement and 1.42% for workers' compensation. **Exhibit 2** shows the increased compensation for these offices for fiscal 2007 through 2011.

Exhibit 2
Increased Annual Salary and Fringe Benefits for Constitutional Officers

Attorney General, Comptroller, Treasurer (each)

<u>Fiscal Year</u>	<u>Increased Salary</u>	<u>Fringe Benefits</u>	<u>Compensation Increase</u>
2007	\$2,084	\$172	\$2,255
2008	6,250	516	6,766
2009	10,417	859	11,276
2010	14,584	1,203	15,787
2011	16,667	1,375	18,042

Secretary of State

<u>Fiscal Year</u>	<u>Increased Salary</u>	<u>Fringe Benefits</u>	<u>Compensation Increase</u>
2007	\$1,459	\$120	\$1,579
2008	4,375	361	4,736
2009	7,292	602	7,893
2010	10,209	842	11,051
2011	11,667	963	12,630

Additional Information

Prior Introductions: None.

Cross File: HB 163 (The Speaker)(Governor's Salary Commission) – Appropriations.

Information Source(s): Maryland State Treasurer's Office, Secretary of State, Office of the Attorney General, Comptroller's Office, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2006
mam/ljm

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