

**Department of Legislative Services**  
 Maryland General Assembly  
 2006 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 1065

(Senator Currie)

Finance

Health and Government Operations

**Revenue Stabilization Account - Fund Transfer - Prince George's County**

This bill specifies that in fiscal 2007 only, up to \$5 million may be transferred from the Revenue Stabilization Account by budget amendment to the Department of Health and Mental Hygiene for the purpose of providing a special fund operating grant appropriation to Prince George’s Hospital Center.

The bill takes effect June 1, 2006.

**Fiscal Summary**

**State Effect:** Special fund expenditures could increase by \$5.0 million in FY 2007 only to provide an operating grant to the Prince George’s Hospital Center. No effect on revenues.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	5.0	0	0	0	0
Net Effect	(\$5.0)	\$0	\$0	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Current Law:** The Revenue Stabilization Account, also known as the “Rainy Day Fund,” was established in 1986 to retain State revenues to meet future needs, mitigating

the need for future tax increases by moderating revenue growth. Transferring funds from the Rainy Day Fund requires specific authorization by an act of the General Assembly or specific authorization in the budget bill. The ending balance in the Rainy Day Fund is estimated to be \$1.395 billion for fiscal 2007.

**Background:** Prince George's Hospital Center has been faced with financial difficulties for the past several years. Both Prince George's County and the State have provided funding in an effort to help the hospital meet its financial needs. The State has issued \$11 million in bonds to assist with capital improvements in the past five years. In addition, the Prince George's County Executive and the Governor signed a memorandum of understanding on February 20, 2004 that initially provided \$25 million to Dimensions Health Care Systems, which operates the county's hospital system, and an additional \$20 million over the next four years. Prince George's County was to provide \$10 million to Dimensions prior to June 30, 2004 and an additional \$5 million annually for the next four years.

The Health Services Cost Review Commission also approved a short-term rate order that was to provide \$10 million for the hospital during 2005.

The fiscal 2007 budget for DHMH contains \$5 million to expend as a grant to Prince George's Hospital Center. This appropriation is contingent upon the prior receipt of \$15 million by the Hospital Center from Prince George's County. This appropriation may be supported by any special fund source as authorized by legislation enacted in the 2006 session.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 22, 2006  
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