

Department of Legislative Services
Maryland General Assembly
2007 Special Session

FISCAL AND POLICY NOTE

House Bill 27
Appropriations

(Delegate Eckardt, *et al.*)

Budget - Mandated Appropriations - Review

This emergency bill requires that appropriations mandated by the General Assembly terminate within three years of their effective date. The bill also establishes a reporting requirement so that affected State agencies provide the General Assembly with additional information prior to the mandate terminating. It also requires changes to fiscal and policy notes, the Department of Legislative Services' (DLS) annual *Fiscal Effects* report, and the Governor's budget books to highlight new mandated appropriations and their impact on State expenditures.

Fiscal Summary

State Effect: None. DLS and the Department of Budget and Management could carry out the bill's requirements with existing resources. Any other affected State agency could provide the required report with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Mandated appropriations can be specified in statute for indeterminate periods of time. The Governor is not required to identify whether a given expenditure in the budget books is a mandated appropriation.

When proposed legislation imposes a mandate on one or more units of local governments, fiscal notes prepared by DLS must include a statement to that effect; there is no corresponding requirement for mandated State appropriations. Similarly, DLS's annual *Fiscal Effects* report must provide the cumulative fiscal impact of legislation that imposes a mandate on local governments, but there is no corresponding requirement for mandated State appropriations.

Background: In September 2007, DLS reported that mandated appropriations and entitlements consume approximately 67% (\$9.8 billion) of general fund expenditures in the fiscal 2008 budget. Of that amount, 58.2% of mandated general fund expenditures was for local aid, primarily education funding. Moreover, DLS found that 76% of the increase in general fund expenditures from fiscal 2004 to 2008 was attributable to mandated expenditures and entitlements.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - November 1, 2007
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