

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1343  
Appropriations

(Delegate Conaway)

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**Mandated Appropriations - State Aid to Local Governments - Mathematical,  
Mechanical, or Clerical Errors**

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This bill requires the Governor to include an appropriation in the annual budget bill when (1) the amount of funding provided to a local government in the State budget under any program for any fiscal year is less than the amount required under a mandated appropriation; and (2) the deficiency is the result of a mathematical, mechanical, or clerical error or mistake attributable to a unit of the State. A “mandated appropriation” is a requirement under law that the Governor provide a certain level of funding in the annual budget bill for a specific program in the State.

The bill takes effect July 1, 2009.

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**Fiscal Summary**

**State Effect:** It is assumed that funding allocation errors are corrected as soon as possible. Therefore, the bill is not expected to have a significant impact on State operations or expenditures.

**Local Effect:** It is assumed that funding allocation errors are corrected as soon as possible. Therefore, the bill is not expected to have a significant impact on a local government’s operations or expenditures.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** In Title 2 (General Assembly) of the State Government Article, a “mandated appropriation” means a requirement in a bill that the Governor provide a certain level of funding in the annual budget bill for a specific program in the State.

**Background:** The State Department of Assessments and Taxation (SDAT) recently made an error that resulted in a fiscal 2009 aid calculation for Montgomery County Public Schools being \$24.2 million below the correct level. SDAT inadvertently used projected July 2008 data, instead of actual July 2007 data, to calculate Montgomery County’s assessable tax base. As a result of this error, Montgomery County’s fiscal 2009 State education aid allocation was less than it should have been and 17 other jurisdictions received more State aid. In total, the State paid \$30.8 million more in aid to other counties than was required in fiscal 2009. **Exhibit 1** shows the impact of the mistake by county. State aid to public libraries is calculated using the same wealth base as education aid, which resulted in over payment of \$553,243 to 20 counties in fiscal 2009.

The Governor’s proposed fiscal 2010 budget includes \$24.2 million in fiscal 2009 deficiency appropriations for Montgomery County to correct the error and does not require counties that received overpayments to repay the difference.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City, Harford and Montgomery counties, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 20, 2009  
ncs/rhh

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**Exhibit 1**  
**State Education Aid – Impact of Assessable Tax Base Mistake**  
**Fiscal 2009**

<u>County</u>	<u>Fiscal 2009 Appropriation</u>	<u>Correct Fiscal 2009 Distribution</u>	<u>Difference</u>
Allegany	\$84,518,375	\$83,639,397	\$878,978
Anne Arundel	267,123,983	261,969,621	5,154,362
Baltimore City	807,847,227	807,847,227	0
Baltimore	494,304,866	488,312,904	5,991,962
Calvert	84,362,303	83,466,692	895,611
Caroline	42,037,874	41,681,088	356,786
Carroll	139,030,915	137,601,293	1,429,622
Cecil	95,894,605	94,918,699	975,906
Charles	149,235,160	146,689,952	2,545,208
Dorchester	29,899,704	29,562,195	337,509
Frederick	201,870,258	199,722,484	2,147,774
Garrett	24,566,877	24,566,877	0
Harford	204,149,648	202,186,607	1,963,041
Howard	191,398,843	188,231,641	3,167,202
Kent	9,444,018	9,444,018	0
Montgomery	387,493,960	411,665,175	-24,171,215
Prince George's	883,799,374	883,731,673	67,701
Queen Anne's	29,625,076	29,127,616	497,460
St. Mary's	92,907,591	91,489,686	1,417,905
Somerset	23,244,631	23,244,631	0
Talbot	9,884,021	9,884,021	0
Washington	137,317,453	135,547,159	1,770,294
Wicomico	108,817,017	107,575,845	1,241,172
Worcester	16,474,213	16,474,213	0
<b>Total</b>	<b>\$4,515,247,992</b>	<b>\$4,508,580,714</b>	<b>\$6,667,278</b>

Source: Department of Legislative Services

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